

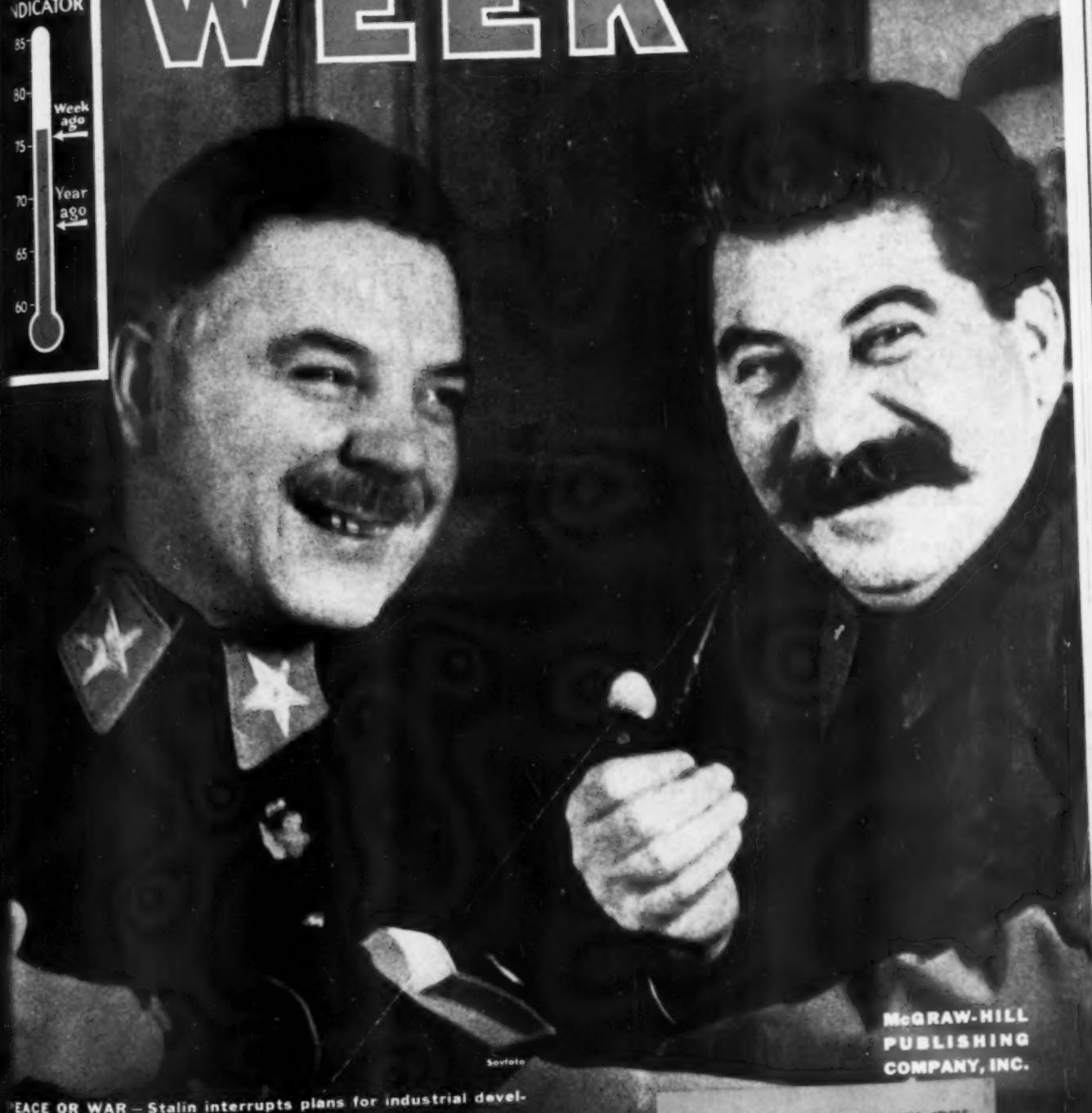
Sept. 26

3

9 3

# BUSINESS WEEK

SEP 29 1996



**PEACE OR WAR** — Stalin interrupts plans for industrial development to prepare with Defense Commissar Voroshiloff (left) the answer to Hitler's conscription of German industry for war.

McGRAW-HILL  
PUBLISHING  
COMPANY, INC.

UNIVERSITY OF MICHIGAN  
GENERAL LIBRARY  
ALB ARBOR MICH

TS



• Tubing, especially electric resistance welded tubing, offers the strongest structural section for the weight involved—it can be fabricated into almost every conceivable shape—it can be used to improve product appearance, to increase strength, to reduce weight or to cut production costs.

Countless products on the market today could be made better—would enjoy greater saleability—through the application of tubing. Yet many manufacturers hesitate because of uncertainty of how they should use tubing, what analyses of steel would be most efficient, what gauge or size would best meet requirements.

In order that you may realize the greatest benefits from tubing, Steel and Tubes, Inc., offers a broad service. Our engineers will assist you in design or re-design of your product and in selection of proper size, shape and gauge of tubing. They will be glad to study your methods of assembly and fabrication and offer suggestions and advice for greater efficiency in production. Republic metallurgists and the vast resources of Republic Steel Corporation will provide steel of the correct analyses. And the correct shape will be found in the wide diversity available in ELECTRUNITE Tubing.

It will be to your advantage and profit to avail yourself of this service. There is no obligation, except to help you. Write, giving full information, and an engineer will be assigned to your problem.

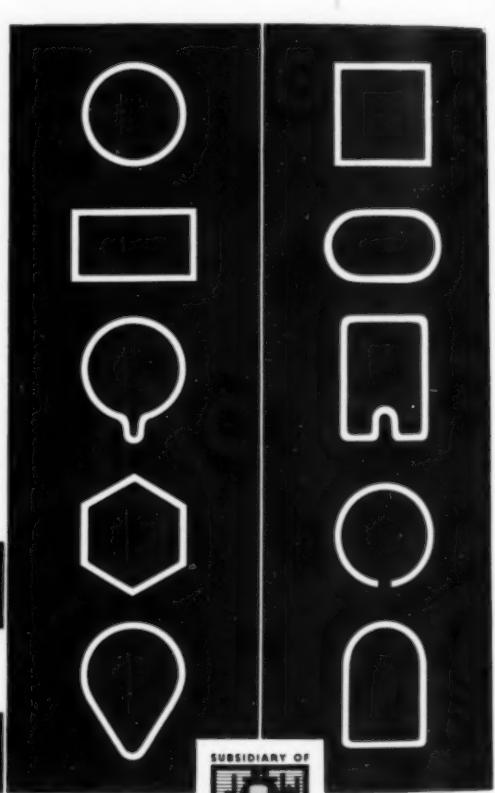
ELECTRUNITE Tubing is made from clean, flat-rolled steel, formed cold to a perfect round (or special shape) and electric resistance welded into boiler tubing, condenser tubing, mechanical tubing, structural tubing or Electrical Metallic Tubing (Steelubes Conduit). It may be had in various analyses of plain carbon and alloy steel, Enduro Stainless Steel and rail carbon steel. Literature on any type of tubing will be sent upon request.



Steel and Tubes Inc.  
SUBSIDIARY OF REPUBLIC STEEL CORPORATION  
CLEVELAND, OHIO

When writing Steel & Tubes, Inc., please address Department BW.

**BUY MORE THAN TUBING...**



**REPUBLIC**  
STEEL  
CORPORATION

BUSINESS WEEK

New

RESIDENT B. C.  
ular Tractor C  
on's 11,000  
are full partic  
the day pres  
sly understo  
a. That's w  
every en  
with an env  
in which so  
or proble  
can apart.  
o of reader i  
s significant  
at few of th  
waste bas  
veniently a  
employees receiv  
that they take

THROUGH ne  
o, is warming  
new racket  
public esteem  
the technique  
rooming h  
ent. Likes  
agrees to r  
ill equip it  
latter wh  
e wholesale  
ays differen  
not of the  
ups.

YOUNG ch  
pency can  
mover for  
journal, Na  
ers \$1,000  
ary proble  
winner ca  
from his p  
ish-brown s  
and bever  
Heat and  
possibility

THE LOS  
its newsbo  
playing th  
makes a g  
bility help

COL. C.  
American  
impressing  
ties of ta  
the store  
price of  
"It is per

BUSINESS W  
of Business  
600 to 8  
West 12th St  
Chairman: S  
Honorable Ch  
Editor: R. C  
Subscription  
15.00 a  
17.50 per ye  
Entered as a  
Post Office  
1, 1927  
McGraw Hill

SEPTEN

## New Business

President B. C. HEACOCK of the Caterpillar Tractor Co. believes that the company's 11,000 employees are entitled to full particulars on important topics of the day presented to them in unbiased, easily understood, entirely factual fashion. That's why, for nearly two years now, every employee has received each month an envelope containing a booklet in which some subject, plan or project or problem of current interest is taken apart. There has been no checkup of reader interest but it is considered significant evidence of such interest that few of those booklets are found in the waste baskets that have been placed conveniently at the points where the employees receive them. The conclusion is that they take them home and read them.

THROUGH newspaper ads., the Simmons Co. is warning all and sundry against a new racket which capitalizes on the public esteem for its products. This is the technique: Well-dressed man goes to a rooming house, asks to see room for rent. Likes the room all but the bed. Agrees to rent room only if owner will equip it with Simmons Beautyrest Mattress which he guarantees to obtain at wholesale price. When the owner asks difference between lodging and cost of the Beautyrest, the racketeer skips.

YOUNG chemists in search of a competency can find it by discovering a remover for tannin stains. The trade journal, *National Cleaner and Dyer*, offers \$1,000 for a solution of this industry problem and points out that the winner can expect continuing profits from his product. The stains are yellowish-brown spots caused by tannin in food and beverages dropped on garments. Heat and ironing set the stains beyond possibility of removal.

THE Los Angeles *Times* has equipped its newsboys with small Neon signs displaying the paper's name. The novelty makes a good advertisement and the visibility helps protect the boys in traffic.

COL. C. O. SHERRILL, director of the American Retail Federation, believes in impressing on consumers the hard realities of taxation. He declares that both the store and the buyer profit when the price of merchandise and the amount of the tax is separately stated, and adds, "It is perfectly just and fair to show that

BUSINESS WEEK (with which is combined The Magazine of Business) September 26, 1936, No. 369. Published weekly by McGraw-Hill Publishing Company, Inc., 320 West 42nd St., New York, N. Y. James H. McGraw, Jr., Chairman; Malcolm Muir, President; James H. McGraw, Honorary Chairman; Glenn Griswold, Vice-President and General Manager; E. R. Putnam, Treasurer; D. C. McGraw, Secretary. \$5.00 per year in U. S. A., possessions, and Canada; \$7.50 per year in all other foreign countries; 20¢ per copy. Entered as second-class mail at February 15, 1930, at the Post Office at New York, N. Y., under the act of March 3, 1879. Printed in U. S. A. Copyright 1936 by McGraw-Hill Publishing Company, Inc.

## These careful buyers

### ADDRESSOGRAPH-MULTIGRAPH

CADILLAC  
CENTRAL MFRS. MUTUAL  
DE SOTO  
DIXIES  
EVINRUDE-ELTO  
EXIDE  
FOOTSAVER  
FRIGIDAIRE  
GENERAL ELECTRIC  
GOODYEAR

### HOLLAND FURNACE

JEDDO-HIGHLAND COAL  
KELVINATOR  
LEONARD  
BENJAMIN MOORE  
OLDSMOBILE  
PITTSBURGH PAINT  
REMINGTON-RAND  
SAHARA COAL  
WESTINGHOUSE  
YALE & TOWNE

**bought some . . .**



**then bought  
some more . . .**

## Companies in varied fields prove value of "Where to Buy It"—then extend their use of this dealer identification service

They are a few of many companies which know that advertising in the classified telephone directory gets results. Their brand names and trade marks are displayed with the names of their local dealers.

After successfully using this service in selected telephone books, they have gone into added books to match distribution.

Can your prospects easily find your dealers? Use "Where to Buy It" to insure your advertising and make certain.

Get full particulars from American Telephone & Telegraph Company, Trade Mark Service Division, 195 Broadway, New York, or 311 W. Washington St., Chicago.





## This Light Can Save 5000 Lives a Year

And it can save the suffering caused by more than 80,000 unnecessary accidents; it can prevent an annual economic loss of more than \$180,000,000—death, injury, waste that are the result of preventable night accidents. This fearful toll can be stopped by the adequate lighting of the primary highways of the nation.

Already the golden-orange, danger-dissipating light of sodium lamps is lifting the terror that lurks on dark roads. As these lamps illuminate more and more miles of highway, they will save thousands of Americans otherwise doomed to meet injury or death in night accidents. Sodium lamps are among the latest of the many aids to safety to which the General Electric Research Laboratory, in Schenectady, has made important contributions.

But research in light is only one of the many fields in which G-E scientists are helping you. The new manufacturing methods which they have developed have reduced the price you pay for necessities. The new products they have provided have stimulated industry, have created new employment, have raised the living standard of the nation.

G-E research has saved the public from ten to one hundred dollars for every dollar it has earned for General Electric

**GENERAL  ELECTRIC**

the retailer of many kinds of merchandise is, perforce, a tax collector, and the money does not go into his pocket as is so often assumed. A statement taxes borne by merchandise also tends to create tax-consciousness, which is valuable in controlling excess taxation.

CONQUERING of deadly carbon monoxide fumes from automobile exhausts is claimed by a Winnipeg garage merchant. His invention is a "can of solidified chemical" to be attached to the engine coil and connected with the intake manifold and which transforms the exhaust gases into carbon dioxide. John Forster, inventor, has tried it on cars, dogs, and himself. Transformed, the exhaust fumes leave no ill effects.

WITH the development of spun glass (BW — Aug 22 '36, p 21) unexpected twists are given to ancient products. Plymouth Cordage Co., North Plymouth, Mass., announces rope, cord, and strand made of Corning glass yarn. Possibilities in the chemical, electrical, and other industries are indicated by the unique qualities of glass rope. It is fire-resistant, against fire, corrosive action, deep water, vermin.

PARIS is now cabling colors to America for the reproduction of fashion creations and they are on sale in department stores here in 48 hours. This innovation is accomplished by means of an apparatus, at each end, about the size of a glassstone bag. It consists of a cabinet containing "color-corrected lights" and a calibrated wheel driven by a motor. These lights are combined to match accurately the color to be cabled, which is then represented by a number. Any one of 300,000 color variations can be expressed and transmitted by wire or radio (BW — Apr 4 '36, p 11). The first color dispatch went to Marshall Field, in Chicago.

JEWELRY interests continue cleverly their promotion of adornments for men's wear. Swank Products greets the season with a "call to colors" for school openings. Swank developed personalized jewelry which permitted the insertion of initials in tie clasps, belt buckles, lapel guards, money clips, etc. The new color line enables one to insert (in such jewelry) school colors, club, fraternity, and other insignia. Retailers meet individual desires with color plaques, numerals, initials.

MOBILE, ALA., joins the parade of cities that have become birthday-conscious. On Oct. 22 and 23 Mobile will celebrate the 225th anniversary of her founding. The senior and junior chambers of commerce sponsor the festivities. A pageant "Mobile under five flags" will dramatize the city's shifts in nationality. They include the sovereignty of France, Spain, Britain, the Confederacy and the U.S.

Wash  
ASHINGTO  
nstrate th  
is out, can  
ment to  
people.  
y has been  
e may cos  
f program  
farm organ  
clare crop d  
in form o  
ned by Lan  
s old-fashi  
simpler sch  
nomics, is  
ional polic  
is related  
d complia

Congr  
But crop i  
its main a  
ops opens t  
nively a  
verification  
om okra to  
fers some co  
rance is a  
holehearted  
democratic

Wint  
Relief loa  
nding to d  
close at ha  
40,400 an  
highest  
30, only g  
y will prev  
ext March  
ear's March  
will be a g  
overnment  
een opera  
prevailing  
ave attrac

Tax  
Wide cla  
xes is as  
city given  
Attori  
Retailers c  
capitaliz  
ing that an  
to federal  
ns risk  
surrected

"Cross  
and utility  
ext week  
power de  
offer uti

# Washington Bulletin

WASHINGTON (Business Week Bureau)—Week's developments demonstrate that a non-political campaign can produce what, if politics is out, can only be called partisan economics. President's firm commitment to crop insurance looks, at least, slightly political to the people. To some it also looks premature. However, sufficient time has been given to subject to indicate that, in long run, insurance may cost government less than permitting emergency rural relief program to become habitual.

Farm organization leaders waiting to be wooed to scheme frankly share crop diversification is still a form of insurance. Mencined by Landon at Des Moines, this old-fashioned doctrine, of a simpler school of agricultural economics, is now recognizable in national policy only to extent that is related to soil conservation and compliance obtained by sub-

## Congress Will "Yes"

But crop insurance that obviously is its main application to big staple crops opens to farmers and politicians positively alluring prospects of diversification including everything from okra to nuts. The fish course offers some complications but crop insurance is assured of the undying, wholehearted support of any Congress, Democratic or Republican.

## Winter Relief Climb

Relief load, raised by drought, is bound to drop off a little but winter close at hand. With WPA rolls at 4,04,000 and factory employment at highest level since September, 1930, only great absorption by industry will prevent climb to another peak next March. Anything less than this year's March WPA total of 3,038,000 will be a gain. It is estimated in a government office that had WPA been operating in 1929 and paying prevailing wages as now, it would have attracted 3,000,000 men.

## Tax Repeal Drive Boost

Wide clamor for repeal of nuisance taxes is assured by inadvertent publicity given this factor in price picture by Attorney General Cummings. Retailers consider it smart strategy to capitalize on his misleading warning that anybody disclosing taxes paid to federal government on merchandise runs risk of violating dusty old law resurrected for political purposes.

## Which Way Power?

"Crossroads" meeting of Roosevelt and utility executives at White House next week will shape course of future power development. Roosevelt will offer utilities a chance to market

—but investigation tends to confirm past experience that cooperative movement is not likely to gain big foothold in this country. All that distributors have to fear is subsidized operations that, for a time, would encroach on normal outlets.

## Consumer Unit Still Kicking

Labor department's consumer unit is at a loose end temporarily, but don't get the idea that it will be "liquidated." The staff does not have money just now to keep baiting distributors but this organization and the AAA consumer's division will move into front line trenches when Roosevelt announces consumer-cooperative program.

## Bureaucracy Note No. 1

Last year New York State Electric & Gas Corp. supplied current to U. S. Custom House at North Burke by importing it from a Canadian utility. Now same company wants to serve Canadian Custom House at Homingford, Quebec, but before it can export power to this single outlet it must get Federal Power Commission's approval.

## Bureaucracy Note No. 2

For past two years government has levied barrel tax on oil, ostensibly to provide funds to suppress marketing of hot oil, actually to keep track of output. Now, however, government threatens to dump on market alleged hot oil seized for non-payment of barrel and income taxes, turn back remainder to producers. Justice department describes hearing, called on complaint by Texas officials that this legalizes hot oil, as "a meeting for co-operation in law enforcement."

## Coal Argument Delayed

Increasing coal production reduces prospect of labor trouble this Winter. Operators will make no issue as long as orders flow in. But trouble will be brewed at coal wage conference in February when attempt will be made to negotiate contract for year beginning Apr. 1. John L. Lewis is prepared to demand six-hour day, five-day week; mechanization of loading goes ahead at record rate.

## A Knox Knock—and Boost

Col. Knox' insurance speeches are proving two-edged sword. Big insurance officials, frightened at Roosevelt spending with its possibility of inflation, and dismayed at low interest rates that cut earnings, silently applaud them. But insurance salesmen are running into stiffer sales resistance as result of fear Knox engendered. Salesmen outnumber executives, so unless policy holders turn against Roosevelt it may prove a boomerang.



## FOR SINGLE-PHASE MOTORS

UP TO 1 1/2 H. P., 220 VOLTS

### New CUTLER-HAMMER PUSH BUTTON CONTROL

*With Thermal Overload Protection*



Identical with Bulletin 9103 except that it does not have stop button. Has thermal overload protection — reset by pushing start button. Silver twin-break self-aligning contacts. Modern design and appearance. Price only \$5.00 list.

FOR FRACTIONAL H. P.  
MOTORS C-H BULLETIN  
9101 MOTOR CONTROL

A complete unit of motor control. Only 2 1/2 x 2 1/2 x 4 1/4. Extra long push buttons. Free-tripping overload protection. Reset automatically by pushing start button. Silver contacts. Top, surface or cavity mounting. Price only \$2.90 list.



To completely modernize the operation and appearance of motorized machines using single phase A. C. motors up to 1 1/2 h. p., 220 volts, Cutler-Hammer announces the new Bulletin 9103 Motor Starter Switch.

Modern in design, construction, operation and appearance, it provides features hitherto available only in larger, more costly starters. Convenient push button operation. Famous Cutler-Hammer Thermal overload protection (the most adequate protection ever devised). Resetting of thermal overload relay after tripping simply by pushing the start button (nothing to replace, nothing to adjust). Self-aligning twin-break silver contacts (no pigtailed, much longer life). Big, self-centering buttons enclosed

in common well for simple, fool-proof operation even with gloved fingers. Extra small size yet ample wiring space. Handsome, modern appearance. All-metal "airstyled" enclosing case. Flake-proof black finish. Extra low price.

Ask for C-H Bulletin 9103—carried in stock by leading independent electrical wholesalers everywhere. CUTLER-HAMMER, Inc., Pioneer Manufacturers of Electric Control Apparatus, 1275 St. Paul Avenue, Milwaukee, Wisconsin.



4 1/2 x 4 1/2 x 2 1/2,  
yet ample wiring space.

Pushing "start" button resets thermal overload relay.

# CUTLER-HAMMER MOTOR CONTROL

STARTS ★ STOPS C-H REGULATES ★ PROTECTS

BUS  
120  
100  
80  
60  
40  
90  
70  
60

BUS  
PROD  
★ Steel  
★ Steel  
★ Bitum  
★ Elec

TRADE  
Total  
★ Mis  
★ Che  
★ Mor

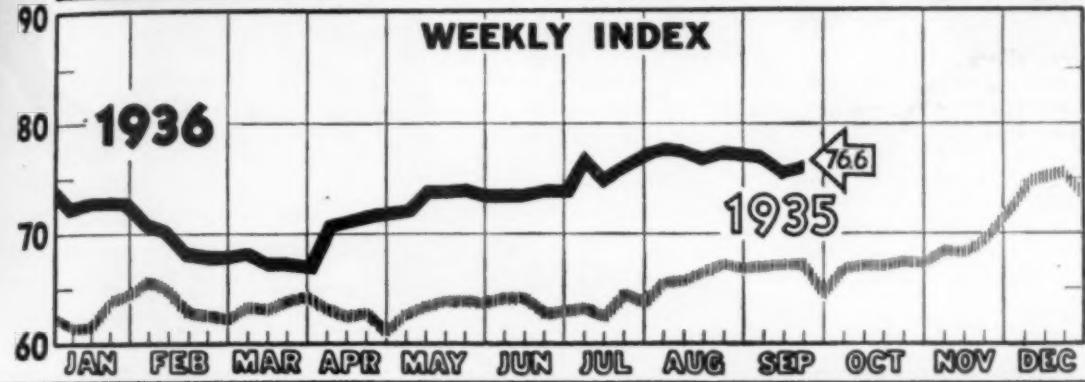
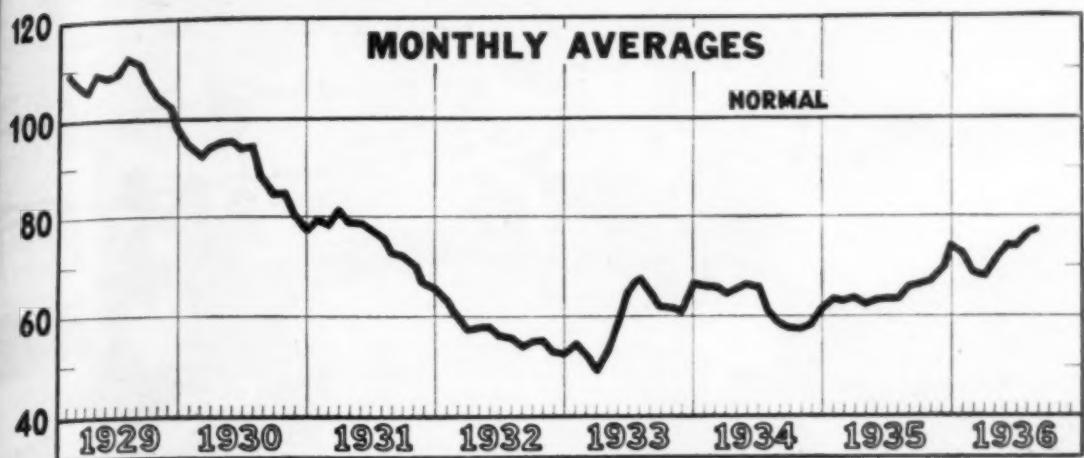
PRIC  
Total  
★ Co  
Iron  
Copper  
All

FINA  
Total  
Total  
★ Cor  
Sec  
Bro  
Sto  
Bot  
Int  
Int  
Bu

This  
conte

9

# BUSINESS WEEK'S INDEX OF BUSINESS ACTIVITY



BUSINESS WEEK INDEX . . . . .	Latest Week	Preceding Week	Month Ago	Year Ago	Average 1931-35
76.6	76.0	77.8	67.1	62.4	

## PRODUCTION

★ Steel Ingot Operation (% of capacity)	74.4	72.5	72.5	48.9	31.6
★ Building Contracts (F. W. Dodge, daily average in thousands, 4-wk. basis)	\$10,913	\$10,392	\$10,944	\$6,003	\$5,828
★ Bituminous Coal (daily average, 1,000 tons)	1,558	1,369	1,290	1,398	1,228
★ Electric Power (million kw.-hr.)	2,171	2,029	2,126	1,652	1,657

## TRADE

Total Carloadings (daily average, 1,000 cars)	133	127	123	117	112
★ Miscellaneous and L.C.L. Carloadings (daily average, 1,000 cars)	84	81	76	71	71
★ Check payments (outside N. Y. City, millions)	\$4,594	\$3,145	\$4,119	\$3,834	\$3,378
★ Money in Circulation (Wednesday series, millions)	\$6,255	\$6,276	\$6,184	\$5,632	\$5,440

## PRICES (Average for the Week)

Wheat (No. 2, hard winter, Kansas City, bu.)	\$1.22	\$1.23	\$1.26	\$1.17	\$1.80
Cotton (middling, New York, lb.)	12.28¢	12.47¢	11.96¢	10.90¢	9.42¢
Iron and Steel (Steel composite, ton)	\$34.22	\$34.10	\$33.94	\$32.83	\$30.96
Copper (electrolytic, Connecticut Valley basis, lb.)	9.750¢	9.750¢	9.750¢	9.000¢	8.050¢
All Commodities (Fisher's Index, 1926 = 100)	84.1	84.2	84.1	85.2	73.7

## FINANCE

Total Federal Reserve Credit Outstanding (Wednesday series, millions)	\$2,495	\$2,482	\$2,457	\$2,472	\$2,168
* Commercial Loans, Federal Reserve reporting member banks (millions)	\$22,614	\$22,433	\$22,256	\$20,410	\$19,509
Security Loans, Federal Reserve reporting member banks (millions)	\$5,418	\$5,347	\$5,237	\$4,873	\$5,830
Brokers' Loans, Federal Reserve reporting member banks (millions)	\$3,241	\$3,280	\$3,132	\$3,064	\$4,240
Stock Prices (average 100 stocks, <i>Herald-Tribune</i> )	\$122.50	\$122.22	\$120.36	\$106.32	\$99.93
Bond Prices (Dow, Jones, average 40 bonds)	\$104.78	\$104.62	\$103.72	\$96.36	\$68.96
Interest Rates—Call Loans (daily avge., renewal) N. Y. Stock Exchange	1%	1%	1%	1%	1.1%
Interest Rates—Prime Commercial Paper (4-6 months) N. Y. City	3/4%	3/4%	3/4%	3/4%	1.4%
Business Failures (Dun and Bradstreet, number)	130	110	135	154	316

\* Factor in *Business Week* Index. \*Preliminary. †Revised.

This Weekly Index of Business Activity is covered by the general copyright on the contents of *Business Week* and may not be reproduced without special permission.

*Business Week*



## A CHEST PROTECTOR ON THE AUTO SKOOTER STEPPED UP SALES AND SAFETY

*A typical example of Goodrich development in rubber*

• Sales were down at the Auto-Skooter booths in amusement parks. The modern youngster demanded more speed and thrill when he sent his miniature electric car hurtling into his fellow riders.

But allowable impact was limited by strength of the huge steel spring around each car.

Steel could stand no more—but rubber could. So the 1936 model of skooter is equipped not with steel but with rubber—a wide strip of it—which permits greater speed and heavier impacts with safety to equipment

and delight to the young customers. One more proof that rubber, as Goodrich knows how to compound it, can often stand more punishment than the toughest steel.

It was ability to take punishment that made possible rubber lining for ore chutes (Goodrich rubber in that service often outlasts steel 10 to 1), rubber covered sand blast helmets (steel wore out in a few hours, Goodrich rubber lasts for months), rubber ball mill linings that outlast manganese steel, rubber heels that outwear leather,

rubber bearings that outlive bronze.

Rubber, as Goodrich can make it today, is not always the product you used to know. It is a new material with a score of new properties and infinite possibilities to improve, cheapen, strengthen your product or process. The B. F. Goodrich Company, Mechanical Rubber Goods Division, Akron, Ohio.

**Goodrich**  
ALL products problem IN RUBBER

The  
BUSINESS  
as comp  
the new  
ext three  
new high  
over, the  
other spu  
speculativ  
made last  
second be  
however,  
warm we  
notions,  
year in se

D  
Durable  
summer si  
1933. Fro  
of norma  
Federal Re  
producer  
pushed up  
July, while  
ained onl  
36%. Sin  
have unq  
ace as te  
good indu  
fall seas

Set  
Absence  
motor ma  
week will  
production  
despite th  
stepping u  
possible.  
aside \$14.  
duction f  
which wi  
tools, and  
ments. T  
was spe  
plant exp

Pr  
It's a l  
impressi  
are going  
in the h  
but quota  
to be o  
leaving  
later in  
keep clin

Tire p  
counting  
some 55,  
figures a  
ment ove  
the depa  
have bee  
August,

# The Business Outlook

BUSINESS is back on the job, vacation-days well behind. Detroit has completed its 1936 run, and is gathering momentum on the new models. More than a million cars are scheduled for the next three months. At 74.4% of capacity, steel has reached a new high for the year, expects to do more climbing. Electric power, the fair-haired boy among business performers, put on another spurt last week which carried output to a new all-time peak. Speculative building activity, particularly in the northeastern states, made last week's contracts the second best this year. Retailers, however, are complaining about warm weather stunting fall promotions, forcing sales below last year in several sections.

**Durable Recovery**  
Durable goods enjoyed the best summer since the artificial bulge in 1933. From the March low of 72% of normal, as computed by the Federal Reserve Bank of New York, producer goods industries had pushed up to 88% of normal by July, while consumer goods industries gained only four points to a level of 80%. Since July, the consumer lines have unquestionably stepped up the pace as textiles, apparel, motor, and food industries get under way for the fall season.

## Set for New Model Run

Absence of Ford from the ranks of motor makers assembling cars this week will probably result in a drop in production figures to the year's low, despite the fact that other plants are stepping up operations as rapidly as possible. General Motors has set aside \$14,500,000 for improving production facilities for Buick, most of which will go for new machinery, tools, and rearrangements of departments. Two years ago, an equal sum was spent for modernization and plant expansion.

## Prices on a Par—But

It's a bit early to get any definite impression on what automobile prices are going to be like next season. Cuts in the higher brackets may appear, but quotations generally are expected to be on the par with last year, leaving room for possible increases later in the season if raw materials keep climbing.

## Rolling to a Record

Tire producers, despite strikes, are counting on having made and shipped some 55,000,000 tires when the year's figures are totalled, a 10% improvement over 1935 and 37% better than the depression low of 1932. Stocks have been cut to the lowest level since August, 1933. With Goodrich's can-

volum ahead of the preceding month and 72% ahead of last year, according to *Engineering News-Record*.

## New Cars for New Trade

That the modernization drive has lost little of its urgency is apparent from the situation among transit companies in 548 cities surveyed by *Transit Journal*. Buying of new trolley cars, trolley buses, and gas buses this year is expected to set a new record. Equipment is being ordered faster than manufacturers are prepared to produce and deliver. With increased purchasing power leading to increased buying at retail stores city transit traffic has been lifted nearly 10% ahead of last year. Consequently, in the belief that new cars invite even more patronage, the industry has been encouraged to plan expenditures of \$300,000,000 for new equipment in the next five years.

## Modernization in Industry

Within industrial plants, the modernization and mechanization of equipment continues at a good pace. Witness the 49% increase in machine tool orders for the first eight months of 1936. In addition, the new orders placed for industrial trucks and tractors have run 52% ahead of the first eight months of 1935.

## —And Also in the Home

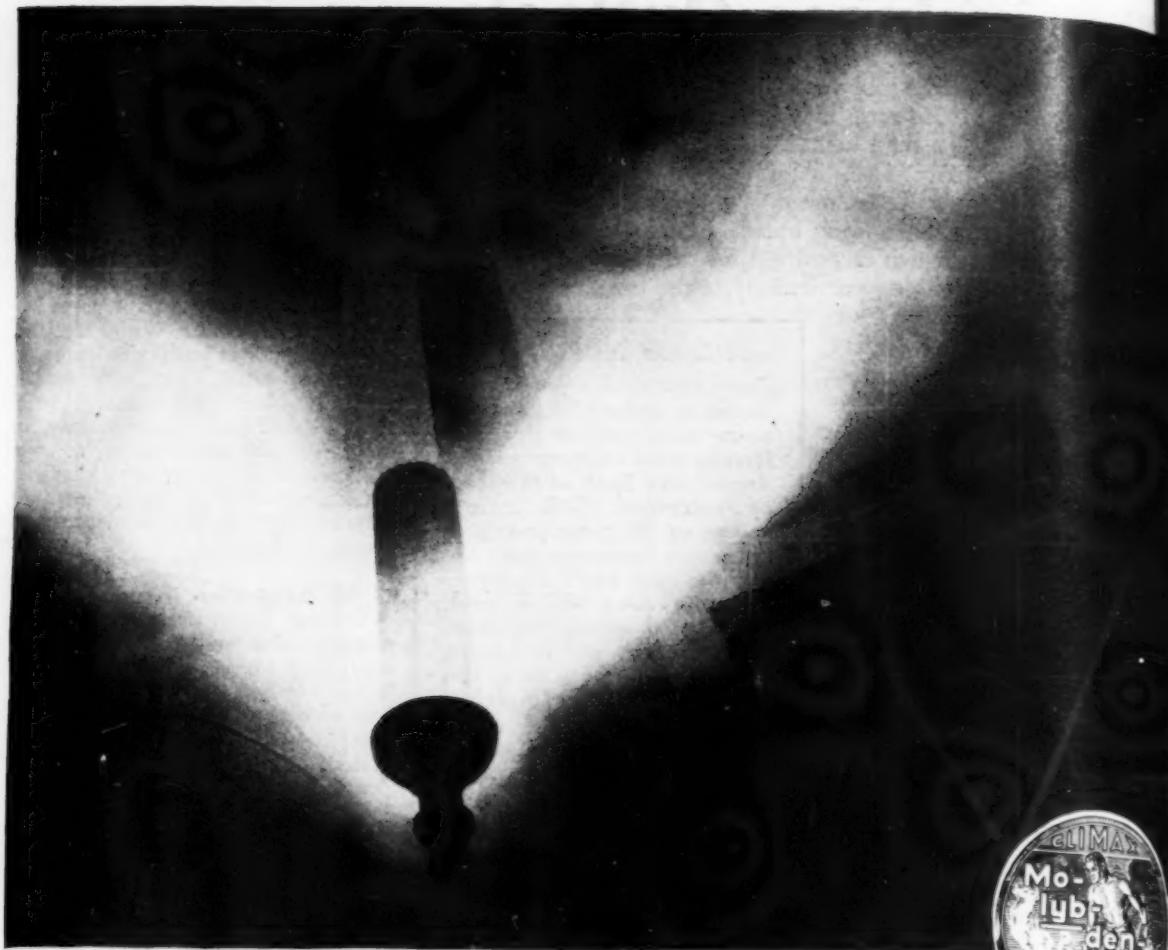
Similarly, home modernization appears to have suffered no sag. By August, electric range manufacturers had sold more products than in the entire year 1935 which itself was a new record. With 202,987 ranges sold so far, a 47% increase over the same months of 1935, the industry chalks up 1936 as a banner year. Unit prices are up \$3 this year.

## Washers' All-Time High

Washing machine manufacturers broke all records for any month with their August sales of 173,678 machines. If the more than 30% increase attained up to September holds for the rest of 1936, another record year will have been achieved—more than 1,800,000 machines sold.

## Wholesale Prices Steady

The general level of wholesale prices is holding very steady, showing a gain of less than 5% from the low in May to mid-September, despite the 14% rise in farm products resulting from the drought. Current farm products prices are only 4% above those of last year, and food products are actually 4% under a year ago. Prices of goods outside of farm and food products—substantially representative of manufactured goods—have advanced only 1% since their June low.



## Costs—Sales—and Whistles

COST SHEETS and sales sheets on executives' desks. . . . They hold many a whistle-cord—the decision that either calls an industry to work or compels it to remain idle.

In a wide range of manufactures it can well be said that "Moly blows the whistle" . . . because it is through the use of Molybdenum irons and steels that their production costs are kept within bounds that permit profitable competitive selling.

Molybdenum irons and steels reduce fabrication costs—in heat-treating, forging, carburizing, machining, nitriding. They assure greater uniformity of

product . . . a consistently higher standard of quality. Through excellence and dependable performance they lead to priceless customer good-will and inevitably to increased sales.

If your business involves ferrous materials or ferrous fabricating, investigate Molybdenum. Its versatility in improving iron and steel is a matter of record in many industries.

We invite administrative, sales and production executives to send for our non-technical book, "**MOLYBDENUM IN INDUSTRY**." Climax Molybdenum Company, 500 Fifth Avenue, New York City.

# MOLY

CUTS COSTS  
↑  
↓  
CREATES SALES

SEPTEMBER 26, 1936

## Ensuring Crops—and Votes

**Farm policy takes the center of the stage as election campaigns bring promises which, if fulfilled, would make broad economic changes in the farm market.**

WASHINGTON (Business Week Bureau) — This has been Farm Week on the national calendar and business has looked here two candidates for the Presidency are pointed.

At Washington, Mr. Roosevelt revised proposals for crop insurance (page 10), instructed one committee of government experts to draft a crop insurance program, named another to work out a long-term drought adjustment scheme, with specific legislative recommendations. He also requested Marvin Jones, chairman of the House Agriculture Committee, to get together with Sen. Bankhead on legislation to remedy the farm tenancy problem, neglected stepchild of Roosevelt's farm program to date.

At Des Moines, Gov. Landon outlined his rival farm policy—though he charged that the present Administration had none at all. Cheering farmers heard that the Republicans would give them cash benefits to offset the disadvantages of having to sell their exportable surpluses in unfavorable world markets, thereby equalizing the tariff's aid to industry. They were promised an amendment to the Farm Warehousing Act to make it possible for the farmer to borrow on feed reserves stored in his own cribs. They were told that the question of crop insurance would get "fullest at-

tention" from the candidate, as would the matter of farm-purchasing aid for capable farm tenants. And there was a pledge that "all outstanding obligations made by the present Administration"—meaning relief checks—would be fulfilled.

### Program Developing Fast

Business remembered that there was an election campaign on but found more significance than that in this advance into its farm market of politicians bearing gifts. Because he can act while Mr. Landon can only promise, the President is in a superior strategical position—omitting the question of whether or not that position has been weakened by broken promises in the past—so business looked first to the significance of the Washington developments. Washington thought that one result of the political exchange had been to reveal the full flowering of the New Deal's farm program.

There it is apparent from the turnover in personnel of the experts whom Mr. Roosevelt has picked to develop specific proposals that he has tried to assemble a group that will play the same tune. Study of these farm subjects in the past has not produced any unanimity of practical plans of action. Evidently marking Tugwell as the principal element of discord, the President hasn't called him in when there is work to be done.

Morris Cooke, head of the Rural Electrification Administration, now seems to be the Administration's fair-haired boy. In the makeup of the new drought com-

mittee, Cooke remains as chairman but Tugwell has been dropped. Just recently Cooke prevailed on the President to give him the services of John M. Carmody, a member of the National Labor Relations Board, to carry on administration of REA, while Cooke was busying himself on the vaster problem of "the efficient utilization of the resources of the Great Plains."

Mr. Cooke is hipped on the subject of small dams, believes that control and distribution of available water supplies can be achieved much more readily by thousands of puddles at the source than by a few huge structures such as Boulder Dam. He staged a conference in Washington this week that is bound to raise his "little waters" to an important place in the program that his committee is now scheduled to submit to the President next Jan. 1.

In the main, the recent report of the first drought committee could not have been worth much, in the President's estimation, as the new committee is charged with reviewing the whole subject for "amplification." As in all such



PLoughed Under?—Under-Secretary Rexford Tugwell still stands at Secretary Wallace's right hand in the official lineup of the Administration on the farm front but Morris L. Cooke



(left), chief of Rural Electrification, temporary drought specialist, and general agricultural handyman, now seems to be replacing him in the farm picture as seen from the White House.

documents, it failed principally in being specific.

Followed by a denial by Secretary Wallace that it was timed to take the punch out of Candidate Landon's Des Moines speech, the President's announcement definitely anticipating a government crop insurance program didn't seem to click with farm organization leaders. As the Wallace committee is instructed to formulate its legislative recommendations with advice and assistance of such leaders a long controversy is likely.

### Over Organization Heads

The farmers' attitude can't be appraised until it is down in black and white, so the President's move can fairly be taken as an attempt to carry his views over the heads of the organizations which regard crop insurance as contrary to the policy of the Soil Conservation Act, in that the law encourages sound farm management practices while insurance coverage would tempt the farmer to regard his responsibility more lightly. In the case of a crop of low quality, many farmers, for example, might consider their insurance sufficient to take care of their needs without exercising their best efforts to salvage as much as possible of the crop.

None of the farm organizations adopted recommendations or resolutions regarding crop insurance at their last meetings, excepting the Farmers Union which did urge such protection at the Democratic convention in Philadelphia. The American Farm Bureau Federation is sympathetic to the idea but has gone no further than to recommend study of the subject. The initiative taken by the President will smoke out the real views of what is the strongest lobby in Washington. There is more than a suspicion that the farm bureaus hope to jockey the Administration into substituting cash payments for the "in kind" proposal.

### Starter Crops

The President's belief that it may be wise to limit application of the insurance plan to one or two major crops as a starter suggests the selection of cotton, wheat and corn. Cotton is adaptable to payment of both premiums and insurance in kind. It can be stored indefinitely without damage. The cost of storing grain not only is higher, over a period of three or four years, but weevils and other pests do great damage. Moving the grain for airing also involves expense and results in a certain amount of crackage. Storage of fruits and vegetables for any long period is not practical because of the expense of refrigeration. Processing is practical but the farmer would probably object to taking his indemnity in cans.

The all-risk (but not full-risk) clause of the President's program is regarded

## How Crop Insurance Plan Would Work

Tentative crop insurance plan which formed basis of President's announcement this week, provides for insurance "in kind" covering the three staples—wheat, corn, and cotton—on which the statistical basis furnished by AAA's crop-control program is most complete.

As drawn, the plan would be applied like this: Each farmer would be rated at his average crop for the past six years, as a base. If, when insured, he harvests less than 75% of this average he will get the difference between what he harvests and the 75% figure. If he harvests more than the average he will pay a premium calculated on the amount his individual farm should set aside to meet its deficiencies (on the 75% basis) over the six-year period. All premium payments by farmer would be made in kind, with the option of receiving benefits in cash at current market.

Example: A farmer's harvest shows return of 6,000 bu. in six years, or 1,000 bu. annual average. Same data show one year at 650 bu., one at 700 bu., one at 900 bu., three at 1,250 bu. Total deficiency under 75% of average is 150 bu. for the six-year period. Total surplus over 100% of 1,000-bu. average is 750 bu. Farmer's annual premium, payable only when yield exceeds average, must provide 150 bu. out of 750 bu., or 20% of surplus whenever he has one.

### Possible Bugs

Insurance plan must be generally participated in or administration costs will be too high. Roosevelt's stipulation is to hook to soil erosion, take both or neither.

It requires annual inspection of crops on each insured farm to determine yield. This would be done by existing county committees under soil erosion program.

To insure proper base, average should be recalculated annually until base is extended to at least ten years. This would also be the job of county committees.

The plan would require constant adjustment with changes in acreage planted, which would also depend on local committees.

It leaves way open for farmer to stop all fertilization and pest control, depend on insurance to bring him out. But nature may do him dirt and leave him with a crop over 75%.

It will kill private hail insurance unless farmer wants to safeguard himself against risk that will convert full crop into 75% crop.

with the greatest skepticism. Under the farmer would be insured up to 75%. The skeptics say that 60% is the highest figure that could be justified by actuarial data. It is the lack of accurate data that presents the greatest problem. Another debated procedure is basing of preliminary calculations on 6-year records, answered by critics with the statement that ten years would be needed for even relative safety. Sec. Wallace insists that the government can afford to adopt a basis that wouldn't be possible for private companies, that the government will be ahead if insurance losses are less than the cost of relief.

## Big Board Splurges

New York Stock Exchange buys its first space to advertise explanatory publicity pamphlet.

THIS week, the New York Stock Exchange broke a precedent. It advertised—for the first time in its 144 years of existence.

There was nothing blatant about it—just a simple announcement of a 32-page, paper-bound pamphlet, describing the functions and operations of the nation's premier marketplace for securities.

The exchange has distributed literature before—principally speeches of its presidents. Particularly was this done when the Exchange was under severe political attack.

In the past, only those who knew about some published speech, either from reading extracts in the public prints or from hearsay, were in a position to request it. Now, the Exchange wants the whole United States to know what it has on its shelves a pamphlet entitled: "New York Stock Exchange—Its Functions and Operations."

The advertisement states that it will be "furnished free upon request." The announcement is appearing in 350 to 400 daily newspapers—all those in cities of more than 50,000 population. The notices will be staggered over a three-week period.

During the war, the Exchange participated in an advertising campaign for Liberty Bonds, but that drive was not institutional in any sense of the word. It was patriotic, contained no mention of stock market functions, practices or facilities.

The London Stock Exchange advertises; but individual brokers do not, whereas in the United States it is customary for brokers to advertise as freely as their budgets permit.

At present, the Stock Exchange does not contemplate further advertising after this single splurge. But it may repeat the performance, if the public demand warrants an encore.

Beatin  
Business  
steppin  
case di

has go  
rade Comm  
issue first  
on of the E  
discriminatio  
generally are  
respect as th

In the fir  
obious abo  
evidently st  
auding for i  
since July  
issued three  
compiled fr  
nation" in  
ation and  
Each has re  
opinion, i  
FTC consid  
tigher a  
using allow  
able. A fo  
tion of the  
bendment i  
works.

Business  
The sec  
a little less  
impending  
significant  
when  
in motion  
means it  
that. It d  
ing FTC  
and to bu  
clients as f  
side of the  
long dela  
until the  
brought b

The w  
and busi  
it can si

ideration

Am  
NO DI  
titan in  
last we  
room a

SEPTE

# Beating the Gun on Price Law

**Business men and lawyers weigh possibility of sidestepping Trade Commission and taking picked test case direct to court under Declaratory Judgments Act.**

WORD has gone around that the Federal Trade Commission is now almost ready to issue first complaints charging violation of the Robinson-Patman anti-price discrimination law. But business men generally aren't as excited about that respect as they once were.

In the first place, they are frankly dubious about the rumor, for FTC is apparently still having a tough time deciding for itself what the law means. Since July 15, the commission has issued three separate editions of "data compiled from public sources of information" in connection with its interpretation and administration of the law. Each has reflected some significant shift of opinion, the last one indicating that FTC considered the brokerage ban a bit tighter and the regulation of advertising allowances somewhat more flexible. A fourth revision of this compilation of the evidences of legislative intent is now reported to be in the works.

## Business on the Offensive

The second reason why business is a little less than thrilled at the news of impending FTC activity is a much more significant one: Business has decided that when the machinery is finally set in motion to find out what the law means it would like to have a hand in that. It doesn't like the idea of allowing FTC to choose its own test cases and to build up a line of judicial precedents as favorable as possible to its own side of the case. And it doesn't like the long delay, inherent in that procedure, until the real guts of the issue are brought before the high courts.

The wish is father to the thought, and business has a definite idea of how it can sidestep FTC, expedite court consideration, and directly influence the

law's ultimate judicial destiny. An action brought under the federal Declaratory Judgments Act of 1934 would, it is argued, accomplish this threefold objective. And so it would, but there is no guarantee that the courts would hear such a case. Lawyers disagree on the point; the few precedents are contradictory and confusing; the whole problem revolves about the uncertain item of judicial discretion.

The Declaratory Judgments Act, modeled after long-standing state laws, provides simply that "In cases of actual controversy except with respect to federal taxes the courts of the United States shall have power upon petition, declaration, complaint or other appropriate pleadings to declare rights and other legal relations of any interested party petitioning for such declaration, whether further relief is or could be prayed, and such declaration shall have the force and effect of a final judgment or decree and be reviewable as such."

An action brought under this act must be possessed of all the characteristics of a common lawsuit, except that

the suit does not seek execution or performance by either party. The merit of bringing action under the Declaratory Judgments Act rather than relying on more ordinary legal routine lies in the fact that the proceeding is almost wholly a paper one; no question of fact is involved, only that of legal interpretation. Hence, it offers a direct, speedy, and relatively inexpensive avenue of judicial relief, though admittedly ascertainment of the full facts and preparation of the allegation in a Robinson-Patman action would be a vastly complex job.

In 14 cases appealed under the act since its passage two years ago, the courts have taken jurisdiction in nine. The other five were dismissed because they were lacking in one or more of the qualifications of a bona fide suit.

To have any assurance of a hearing under the law, a prospective plaintiff must first of all make certain that his suit constitutes a controversy involving adverse claims presented in "such a form that the judicial power is capable of acting" (*Muskrat vs. U. S.*). Secondly, "the person raising it must have a real interest and there must be someone having a real interest in the question who may oppose the declaration sought" (*Miller vs. Miller*). In other words, when the defendant has no power to affect the plaintiff's rights, when he is not competent legally to jeopardize them, the courts are likely to throw the case out.

## "Ripening Seeds" Justify Suit

Finally, the controversy must be an actual one. The danger to the plaintiff must be present, not contingent on the happening of hypothetical events. However, in this connection, one important decision rendered by the Pennsylvania Supreme Court has taken cognizance of "the ripening seeds" of controversy as a justifiable ground for action.

In view of these requirements, vague and abstract as they are, subject only to exact determination by a particular judge in a particular case at a particular time, what are chances for using



**NO DIRGE FOR DURANT**—William C. Durant, automobile titan in the early days, bounced back into the business news last week as he opened a combination food market and lunch room at Asbury Park, N. J. Mr. Durant (who is pictured at top,

trying his hand at a bit of dish-drying) is featuring a "five-cent lunch" in which each portion of food costs a nickel. The building was built during boom years for display of motor cars, at a cost of \$250,000, and is nicely arranged for conversion.

the Declaratory Judgments machinery against FTC in securing early verdicts on various phases of the Robinson-Patman act?

One large group of lawyers holds that as against FTC they are virtually nil. Included in this group is Gilbert H. Montague, who besides advising many manufacturers and distributors under the Act is also legal counsel for the National Food & Grocery Conference Group. Mr. Montague admits that conceivably a test case involving two individuals—a manufacturer and a dealer for example—might be devised which would conform to all apparent requirements, but as regards a case involving an individual and FTC, he points out that "the commission has no judicial powers but exercises only the administrative functions delegated to it, hence no issue involving the commission could be presented in such form that the courts would be able to take jurisdiction."

### No Injunctions Against FTC

He lays further stress on the fact that the district courts have repeatedly refused to issue injunctions against the commission on the grounds that the jurisdiction of the Circuit Court of Appeals "to enforce, set aside, or modify orders of the commission," as provided by the FTC law, is exclusive and complete.

Equally emphatic are the lawyers who maintain the opposite point of view. Notwithstanding the general principle that nothing the commission does before the issuance of its cease and desist order is subject to court review, they argue that the threat of FTC proceedings can be shown to affect a plaintiff's rights and vitally endanger his business, thus creating an actual, bona fide controversy.

### A Right to a Ruling

Nathan Boone Williams, former legal counsel for the National Association of Manufacturers, who is at present advising mail order interests on the possibility of just such action, emphasizes this point by saying, "There is neither justice nor sound public interest in the view that a defendant business must incur the long delay and expense of a Trade Commission hearing and inquiry on plain facts and issues before having its rights judicially determined."

Finally, these lawyers point out that, although the exclusive powers of the circuit courts "to enforce, set aside, or modify orders" may have proved sufficient in the past to restrain other courts from issuing injunctions, they are not sufficiently exclusive to deny competent petitioners the right to a hearing under the Declaratory Judgments Act, which does not seek to force or restrain the execution or performance of any overt act by the commission, but only to ob-

tain a determination of legal issues at stake in a dispute of vital proportions.

In weighing the applicability of the federal Declaratory Judgments Act to issues raised under Section 3 of the Robinson-Patman law, legal minds focus on other considerations. Here, there is no question of whether the courts could make a declaratory ruling—only the question of whether they would. Section 3 is a criminal statute, enforced by the Department of Justice, and the courts are reluctant to interfere with established processes of criminal law.

The clash of the lawyers on this point, however, is of only academic in-

terest by reason of anything forbidden in the anti-trust laws may sue without respect to the amount in controversy, and shall recover threefold damages by him sustained, and the costs of the suit, including a reasonable attorney's fee."

This provision, definitely shown to have real teeth in it during the past two decades, opens the door for devastating racketeering. Suppose that six, eight or ten years from now the Supreme Court holds that a particular discount or allowance granted a large buyer was and is discriminatory, violating the Robinson-Patman law. The chance of collecting triple damages running throughout the entire period (depending on the statutes of limitations that prevail in the various states) on behalf of an entire group of small buyers, one that sharp-eyed lawyers are likely to find inviting. The threatened aggregate penalties are staggering, and even the sum for which the manufacturer may be able to settle out of court, including a big split for the attorney, may prove too much to bear.

### Little Men March On

Although these are problems which give business generally considerable pause, they are no worry to the triumphant little men who put the law across and who are spreading the table for bigger and better legislative subsidies in the impending sessions of Congress and the state legislatures.

The annual meeting of the National Association of Retail Druggists in Pittsburgh this week was a real victory march; the meeting next week of the National Wholesale Druggists Association in White Sulphur Springs, W. Va., is likely to partake of the same flavor.

In four years, the N.A.R.D. has grown from 8,000 to more than 20,000 members, and each of them is kept regularly informed of what to tell their congressmen. The association boasts in the primaries all but one of the congressmen who voted for the law and for whom active druggist support was solicited have been renominated. And now the association offers an award to the state delegation which does the best job of electing chosen representatives. The last issue of the association *Journal* comes out virtually flat-footed for Roosevelt.

Having tasted the heady wine of political power, the N.A.R.D. is all set to go to town—on state fair trade laws, on state anti-price discrimination statutes, modeled after the Robinson-Patman measure and designed to plug the intra-state-interstate gap, and on Senator Tydings' National Fair Trade Enabling Act, a federal law which would relieve manufacturers of the necessity for domestication in each state in which they wish to sign price stabilization contracts in accordance with that state's laws.

Table 12.—Percentage of 5100 Observed Establishments in 23 Selected Cities Reporting Specific Modernization Work.

Modernization Requirements	Stores Reporting Modernization Percentage
None	3,746 53.6
Paint or refinish	1,730 28.4
Replace or rebuild	509 8.5
Alter or repair	360 3.0
Install	1,041 17.0
Install or replace	399 6.4
Paint or repair	329 5.4
Replace	293 7.3
Alter or rebuild	329 5.1
Install or install new	150 2.9
Replace, add to or install new lighting	140 2.6
Paint or refinish	118 2.5
Painting	129 2.4
Repair or install	102 1.9
Refurbish or rebuild exterior	57 1.1
Refurbish exterior	57 1.1
Interior	2,949 36.9
Paint and collages, paint or repair	2,307 30.4
Lighting, paint, install new or additional	1,940 26.9
Painting, collages, paint, etc.	1,287 17.7
Repair or install new	1,250 16.1
Paint or repair	1,020 13.5
Eliminate objectionable companies	939 7.8
Install open shelving for self service	926 6.8
Paint, refinish, cover, or install new	812 10.0
Install lighting, install	622 10.3
Painting, paint, install	515 6.8
Painting, paint, paint, install	510 6.3
Painting, painting, replace, resurface	505 6.5
Painting	508 6.5
Repair or refinish	328 4.5
Install	323 4.5
Paint, paint, change	96 1.3
Alterations	83 1.3
Additions	36 0.5
Refurbish exterior interior	36 0.5

12 Observations limited to 2,607 stores in 15 cities.

Business Week

**WHAT IS NEEDED, AND WHERE—** The storekeeper who wants to modernize but is uncertain about where to start, or how far to go, is getting invaluable help from an exhaustive booklet prepared by Department of Commerce and Federal Housing Administration experts. The page above is a sample of how store owners—and dealers in materials needed—are aided in scheduling the job.

terest to business men, who frankly anticipate little or no trouble with the Department of Justice. The Atlantic Retail Grocers Association in the August issue of its membership paper summed up this point of view neatly in one sentence: "Knowing the Federal Trade Commission as we do and knowing their attitude of friendly helpfulness toward business, we cannot conceive of their certifying the facts to the Department of Justice unless the violation is very aggravated."

One of the most persuasive threats dictating a still rigid though weakening conformity to the strictest interpretation of the law is that which grows out of Section 4 of the old Clayton Act to which the Robinson-Patman law is an amendment. This section provides that anyone "injured in his business or prop-



**AT THE STUDENT MAY KNOW**—Plymouth built a floor model of its main plant at Detroit, took it up to Cambridge and presented it to Harvard as a guide in modern factory practice. The 17 miles of conveyor lines and location of all machines in part detail are shown. B. E. Hutchinson, Plymouth chairman (second from left), Vice-President H. G. Mook, explain the three-dimensional plan to Prof. Georges F.ist and Dean Wallace B. Donham (right) of Harvard Business School.

## Utility Armistice Day

**Washington conference over Tennessee Valley "grid" proposal has sharp political angles but there's a chance for a power peace behind it.**

WASHINGTON (Business Week Bureau) — Armistice Day for the war veterans is not come until after the election, Armistice Day for the utility industry promises to be some time before—Sept. 15, to be exact, when President Roosevelt will confer with utility heads, financial leaders, and the representatives of various government departments dealing with power in an effort to come to the differences that now have the utilities and the Administration at odds' points.

### at the Starting Point

Immediate reason for the meeting is the need for negotiating a new contract for the interchange of power between the Tennessee Valley Authority and the utility operating companies in the Commonwealth & Southern system. But this will be merely the starting point. As the White House announcement points out, satisfactory arrangements in the Tennessee Valley will form a basis for working out similar arrangements in other regions where there are federal power projects. Hence the inclusion on the invitation list of such names as Samuel Ferguson, chairman of the Hartford Electric Light Co.; Owen D. Young, of General Electric; Russell C. Flanagan, of J. P. Morgan & Co., and Alexander Sachs, of Lehman Corp.,

none of whom have any outstanding interest in the Tennessee Valley, but all of whom would benefit from a cessation of the present situation, in which the utilities fear depreciation of their capital and credit because of government competition, while the Administration faces the necessity of marketing large isolated blocks of power in the face of a legal barrage.

Motives behind the President's peace moves cannot be isolated, but there are a number of points well worth consideration. In the first place, the time to make peace is when the enemy is most jittery, and that word describes the present frame of mind of some utility officials, who envision a government power plant in every company's backyard.

Moreover, the President is not anxious to push further construction. Economy is the new watchword and the next Congress is not going to be so casual with its millions for grandiose power schemes. To paraphrase: "As goes Quoddy, so goes the nation."

Item two: The Administration is in a particularly good trading position as respects the present situation in the Tennessee Valley, and it is this agreement which is expected to set the pattern. Back in January, 1934, when the first contract was made, the newly-organized

TVA had gobs of power but no way to sell it.

In exchange for an option on this cheap surplus power, the Commonwealth & Southern operating companies turned over to TVA their transmission facilities in the Valley and agreed to a division of territory. Since then the power consumption of the region has boomed while the utilities, with plenty of cheap TVA power available, have built no new generating plants. Now, with the contract about to expire, they face the necessity of either building new plants under the guns of government competition or signing up once more with TVA.

### Power Conference Lesson

Item three, although rather trivial, is nevertheless a tangible factor. The recent World Power Conference in Washington, if it did nothing else, brought out several points of world experience which gave pause to the more rabid partisans on both sides. To generalize, these were about as follows: privately-owned utilities can do a good job of distributing electricity; some government regulation is inevitable because of the inherently monopolistic nature of power distribution; once these two facts are accepted, a state of peace, rather than constant war, is not only possible but is also good policy for all concerned—which includes practically everybody. In Europe the governments are cooperating harmoniously with the private companies.

Finally, there is the political angle: What could be sweeter than a rash of cartoons showing Mr. Roosevelt and the utilities shaking hands in the shadow of the dove of peace, with a small bystander labeled "The Consumer" throwing his hat into the air in joyful anticipation of lower rates to come?

For lower rates will be a part of the bargain—or there won't be any bargain. Before the flood of government power is turned over to the utilities for distribution, there must be assurance that the ultimate consumer will get to one of the fundamental Roosevelt objectives—cheap and abundant power.

### Utilities' Bargaining Power

However, the utilities will not be devoid of bargaining power, nor are they in the mood for unconditional surrender. Obviously their primary talking point will be the nuisance value of their legal efforts and, even beyond that, the strong possibility that the Supreme Court may eventually outlaw the government's entire marketing effort. Another point not generally realized is that recent improvements in generating practices have brought costs down to a point where long-distance transmission is economically questionable—and most of the government plants are located far from the market. Even give-away

power is not cheap if it can be turned out by a local plant at less than the transmission cost.

#### Likes British Model

Best possible solution, the President indicates, is adoption of regional power networks modeled after the British grid. Just how closely this will be followed depends upon the give-and-take of the meeting, but its general pattern could be accepted by both sides without any radical about-face. The grid—more formally known as the Central Electricity Board—acts as a middleman between producer and retailer of power. It buys what power is needed from both private and public generating plants; it sells what is consumed to both private and public distribution systems. In allocating its purchases the most efficient generating units are called upon first, the least efficient last. And its charges are based, not upon local considerations, but upon the efficiency of the system as a whole.

In Great Britain the grid is managed by an independent board representing both private and public utilities and the government. Whether this plan would work here depends primarily upon the willingness of TVA to surrender part of its present objectives. It is believed that this would be acceptable to a majority of the directors, and even the third and most inveterate utility-baiter, David E. Lilienthal, has been heard to speak kindly of the British set-up. But any prediction on the ultimate compromise would be very rash at this stage of the game.

## Dry Ice and Cement

**Oklahoma portland cement plant takes carbon dioxide from flue gas waste and makes some extra money.**

DRY ice threatens to become important to the portland cement industry. Cement men are watching an experiment now on in Oklahoma, where the Oklahoma Portland Cement Co. at Ada is shipping from 10 to 15 tons of dry ice a day as a byproduct.

Common practice in the manufacture of dry ice is to burn coke to produce carbon dioxide, from which the solid  $CO_2$  or dry ice is made. Others, such as the alcohol producers, use the byproduct gases from fermentation. But in portland cement plants limestone and coal are burned and large quantities of carbon dioxide go up the chimney as the products of combustion. So about a year ago the J. P. Devine Mfg. Co., a chemical process and oil refining equipment firm, interested the Ada plant in trying to recover this  $CO_2$  from the flue gases.

They installed apparatus costing about \$150,000 with a capacity of about 15



**NO SALAD TODAY**—In the street at a busy corner in Salinas, Calif., lies a pile of lettuce, just dumped out of crates by striking field workers who are seeking to prevent transport of the crop. Deputies (left foreground) armed with clubs and tear-guns are meeting the strikers half-way. The lettuce-field dispute has resulted in several clashes like this, with injuries on both sides and the problem still unsolved.

tons a day and are now producing it at a cost of about \$7 a ton. This they deliver within a radius of 60 miles, using insulated trucks and handling the dry ice in large blocks with ice tongs. The delivery loss by evaporation is held to about 1%. They sell it for \$30 a ton to the ice cream and carbonated beverage people, so that this byproduct produces a revenue of from \$300 to \$450 a day. They could dispose of more if they had the dry ice capacity and this being a large cement plant, further carbon dioxide production can be developed.

There are 166 portland cement plants in the country and a large number of them are near enough to dry ice markets to take advantage of this opportunity. The present total consumption of dry ice throughout the country is about 75,000,000 lb. But there is a large prospective market for use in refrigerator cars and trucks.

## EH&FA to L.A.

**Extension of Washington's electrical appliance promotion plan starts sales drive in Los Angeles.**

WITH the signing of a contract extending its services to the Los Angeles Department of Water and Power, the Electric Home and Farm Authority enters the largest concentrated sales territory in its history. About two-thirds of the requirements of the city's 1,238,048 (1930) population is supplied by the Department's Bureau of Power and Light, which was formed to market power obtained as an adjunct of its water system, and which contracted for a big block of Boulder Dam power.

That an intensive sales drive on electrical equipment is ahead for this fall is indicated by the fact that, although no formal announcement of the EH&FA contract was made on Sept. 17, over 100 hundred applications by dealers wanting to participate in the plan have already been received in Washington. These include practically all the large distributors, even to the department stores. Many plan display advertising.

As told in *Business Week* (Aug. 23, p. 36), EH&FA purchases customers' orders from the dealers, arranges with utility to collect payments, spread over a liberal period, with current bills.

## Rail vs. Truck

**Store door service debate brings up the old antagonisms with shippers playing both ends.**

**WASHINGTON** (Business Week Bureau)—Counting noses on the Interstate Commerce Commission for and against free pickup-and-delivery of merchandise freight by Eastern railroads is more a gamble than usual. It's a 6-to-5 stand-up in which Commissioner Hugh Tate has voted both ways in preliminaries to the final argument Oct. 11 on this issue that embodies all the old antagonism that railroad and truck have for each other.

Shippers are playing both ends against the middle, some groups demanding that truckmen make the same allowance as the railroads propose, giving them a nickel for every hundred pounds that they pick up and deliver on their own.

Truckmen contend that rail service under the law stops at the freight

that pickup-and-delivery is extra service for which an extra charge must be made, with the cost of such service minimum, and that any allowance the shipper in lieu of such service is not as railroads cannot assume such obligation.

The railroads argue that this interpretation stretches the law until it snaps, in their efforts to render a complete service to the shipping public they are confined to the rails or to any other means of transportation. Shippers in the East, as represented by Merchants Association and the Ship-

pers Conference of Greater New York, insist that the commission must fish or cut bait, that if the 5¢ allowance, in effect in the West and South, is fair, it should apply in the East where tariffs were suspended last May, pending investigation. A test period has been suggested by the Port of New York Authority which holds that the individual railroads cannot operate free store-door service profitably. The commission has first to construe a law charging it to foster both rail and road transportation. Its decision must give something to both railroads and trucks.

such as in pension rates. The employee representatives are well aware that the corporation's earnings still are pretty slim. They are said privately to advocate upping steel prices to cover added costs, but steel officials are afraid that may halt an expanding market.

The industry generally hates to make new wage commitments which it may have to back down on later in case recovery doesn't hold up.

Tied up with the problem of granting blanket increases to unskilled men (who make up a minority of all steel workers) is the matter of the pay differential between various grades of skilled and unskilled men. Rollers, open-hearth men and others in the top flight of skilled workers agree that the lowest men are getting too little, but probably will insist upon maintenance of the present differential even though low wages may be raised.

Steel men acknowledge that unless there is an unexpected reversal in the recovery trend, it will be impossible to stave off a further wage increase much longer. Thrusting himself into the controversy, Philip Murray, chairman of the Steel Workers Organizing Committee, charges steel people with withholding wage increases to try to defeat Mr. Roosevelt.

#### C.I.O. Drive Simmers Down

The Committee for Industrial Organization's steel campaign, which started out with a flourish, has settled down into a humdrum membership drive which seemingly isn't too successful. There has been house-to-house canvassing of workers from the beginning. The main purpose lately has been to sign up members without much regard to dues payments. Public meetings have been turned largely into rallies in behalf of Mr. Roosevelt's reelection. It is whispered in Pittsburgh that the revenue from the membership campaign hasn't been so large as expected and expenses have been trimmed accordingly.

Finding the going pretty rough in the

## Steel Wage Debate Renewed

**Carnegie-Illinois employees suggest company save by stock refinancing and boost pay \$1 per day; management isn't ready to grant increases which may not stick.**

Men probably caught their breath a week when they read the far-reaching demands of employee representatives of the sheet and tin mills (formerly American Sheet & Tin Plate Co.) the Carnegie-Illinois Steel Corp. The demands included \$1 a day increase in pay with minimum of \$5 a day for common labor, increased pension rates, longer vacations with pay, seniority rights similar to those on roads, abolition of incentive pay, negotiation of all changes affecting employees in general through employee representatives.

Concurrent with presentation of these demands Carnegie-Illinois workers at Youngstown answered President Fairless' refusal to advance wages at this time by proposing that the 53,000 U. S. Steel employees who own company stock unite to try to force an increase and that the corporation refinance its preferred stock to a lower interest-bearing rate, the savings to be used to pay higher wages.

An advance of \$1 a day would cost Carnegie-Illinois \$25,000,000 a year and Big Steel as a whole \$45,000,000. That is exclusive of other suggested increases,



*Business Week*

**ON THEORY TO FACT**—After discussion of mutual problems at Washington, delegates to the World Power Conference set out to get a close-up view of American industry, and many are still traveling through the country. The group right is one of those which visited General Electric's plant at Schenectady; above are three of the notable engineers. From left: Emile Vtborck, Belgium; A. C. Pinson, France; Henry Mingels, France.



larger steel companies, the C.I.O. has put considerable effort into organizing the fringe of the steel industry, such as fabricating plants. The job is easier there, because companies aren't so big and in some cases are more vulnerable because their wage scales have been lower than those of steel mills. One report is that the C.I.O. has signed up 80,000 out of a total of 600,000 now at work in the steel and allied industries.

Steel people, however, believe the membership far less.

Pittsburgh isn't apprehensive over possibilities of strikes. It is betting that there won't be any major trouble the coming winter, but isn't so sure what spring may bring, particularly with the bituminous coal agreement expiring then. They suspect that John L. Lewis might try to get at them through his pet industry.

months, the Coast was doing 21% business than in the same month 1935 against 12% national average.

Clothing and home furnishings are the most active departments in the goods field. Gayer and more luxuriant clothing is coming to the fore. Color brilliance will become increasingly important. Mink furs are getting advertised more freely. July fur sales in the New York reserve district topped the list of department store gains with a margin as high as 60% over 1935. August, the big fur promotion month, showed a gain of 29%. Coats and furs follow with gains of 49% in August. Stores are laying the emphasis this month on style and better-grade merchandise.

Furniture, rugs, radios, oil burners, coal stokers will be big numbers in fall. July floor covering sales in New York reserve district were 40% ahead of last year and furniture 40% higher. Wherever furniture records are available they tell a similar story—Wisconsin, up 37%; Indiana, 30%; Illinois, 39%; Chicago, 48%; Ohio, 52%; Massachusetts, 18%; Texas, 36%.

Merchants will be actively promoting furniture during National Furniture Week starting Oct. 2. American manufacturers will be tying up their products with furniture sales in the period and attempting to promote sales for Christmas gifts right up to the end of the year. The revival of interest in home ownership and new homes is working to their advantage.

## Retail Sales Leaders

**Clothing and home furnishings departments are most active in the comeback of the stores. Weather has hurt. Emphasis on better housing has helped.**

RETAILERS are hoping the weather man hangs out the "Fair and Cooler" sign today. August business didn't quite measure up to expectations because abnormally warm temperatures blanketed the country. Merchants who had cleaned out their summer stock by July found the public showing little interest in fall displays.

September volume didn't get too good a start either, largely because the lateness of Labor Day tended to defer the opening of the official fall season. But otherwise everything is set to wind up 1936 with the best volume of sales since 1930—a volume estimated at \$36,680,000,000. Department and dry goods stores may have to be content with the

best volume since 1931, or around \$3,980,000,000. Mail order houses have kicked over all traces of any depression and are headed for new heights, bettering any year on record.

Back of the optimism of retailers this fall is the strong comeback of business in general. Employment is rising and payrolls are rising even faster. Wage increases are cropping up more frequently, stimulating the spending spirit. Dividends are being distributed more freely, and should come forth in even greater volume before the end of the year. Department stores can pretty safely count on doing a Christmas business equal to that of 1930, or better.

Even the rural areas are not going to let the drought wither their buying enthusiasm, though the worst-hit regions may have to curtail a little. Sales in rural sections of the country will easily be the best since 1929, with the Pacific Coast region doing far better than any other section. In the first seven

"BENEFIT TO ALL"—That is the result of cooperation, Harry E. Sheldon (left, with cup) reminded his fellow-townsmen and workers in Allegheny Steel Co., as they gathered last week to honor him as the foremost citizen of the Upper Allegheny Valley. The 7,000 Allegheny employees presented their 75-year-old president with the loving cup.

*Business Week*



doing 21% same month  
tional average  
e furnishings  
ments in the  
d more luxu  
the fore. Co  
come increas  
rs are getting  
July for sale  
district typ  
store gains w  
60% over 19  
promotion mo  
Coats and s  
f 49% in J  
emphasis the  
de merchan  
folios, oil bu  
big numbers  
ing sales in  
district were  
d furniture  
er furniture  
ey tell a sim  
37%; Indi  
Chicago, 48  
hussets, 18

vively prom  
onal Furnit  
American  
tying up ti  
ales in the s  
o promote r  
up to the t  
l of interest  
new homes  
age.

barrels

ck out in a  
ractice o  
a lot mo

supreme Co  
the people  
merica vs  
alleged Ap  
court rende  
people. Ma  
Food & Dr  
attention th  
d within t  
Drug law  
and apples  
was made  
s.

Trade Co  
roved tra  
ve manufa  
s permit t  
preparati  
label decla

y of an s  
probably  
he Food  
ublish in  
eral Tra

to the Goodyear Broadcasts of the Literary Digest Poll for President—Monday, Wednesday, Friday Evenings NBC Blue Network.

SEPTEMBER 26, 1936



## YOUR TRUCK TIRES TAKE IT 300 TIMES A MINUTE

Every cord in the tires on an ordinary 2-ton truck going along under normal conditions at 30 to 35 miles an hour takes five terrific, pile-driver blows every second.

These crushing blows are delivered by the road. They get harder and more frequent as speed or load increases . . . No tire can avoid these shocks . . . The improved High Profile Goodyear Truck Tire is built to take them with minimum harm to the tire.

To truck operators this means more miles of wear per tire—*thousands more miles!*

Preshrunk Supertwist Cord, twisted while wet, gives a foundation strength to the body of the tire greater than other cords.

A definite factor of strength in itself, this cord foundation also makes possible the use of a much tougher compound of rubber.

No other truck tires can be made this way because Goodyear has patent protection on Supertwist.

For years more tons have been hauled on Goodyear Truck Tires than on any

other kind. Thousands of operators point to amazingly long mileage records as evidence of money Goodyears have saved them.

Now these mileages, these savings, will materially increase. The improved High Profile Truck Tire is bigger, sturdier, tougher . . . It's more tire—more rubber, more cotton, more air space, more skid protection. In every way it's more for your money.

Destructive internal heat, which is generated in all truck tires under load, is greatly reduced by this improved construction—and faster escape is provided for this reduced heat.

See this amazing truck tire. The Goodyear dealer near you can show it to you today. It costs no more money.

• • •  
Goodyear sells more truck and bus tires than any other manufacturer. There is a Goodyear to fit every rubber-tired commercial vehicle—just the right type, size, price for any requirement . . . The Goodyear Tire and Rubber Co., Inc., Akron, O.

★ FLASH! THERE'S A GOOD YEAR BATTERY NOW! ★

**GOOD YEAR**  
**TRUCK AND BUS TIRES** *money savers*

# NEARLY 200 YEARS of Successful Operation



*A typical  
commercial  
office  
of the  
Colonial Period.*

When investors see a company with an unbroken record of success over a period of twenty years, even the most conservative analysts pronounce it a stable and successful business—a sound investment.

The principles of Mutual fire insurance have been in operation for nearly two hundred years—seasoned and tested by an experience actually longer than the life of the nation.

In investment terms—the dividend record of Mutual insurance companies surpasses any other classification of business. As an example, the seventy-five members of the Federation of Mutual Fire Insurance Companies returned over \$135,000,000 to their policyholders in the last ten years.

Write for free booklet entitled "Mutual Fire Insurance." Address the Federation of Mutual Fire Insurance Companies, 919 North Michigan Avenue, Chicago, Illinois.

## MUTUAL FIRE INSURANCE

*An American Institution*

*This seal identifies a member company of The Federation of Mutual Fire Insurance*



*Companies and the  
American Mutual  
Alliance. It is a  
symbol of sound-  
ness and stability*

Commission had given its official blessing to a trade action which practised fraud upon the consumer. Other trade practices in the approved code, such as the implied permission to add citric and tartaric acids or to add pectin without appropriate label declarations, offer similar possibilities to rebuke FTC. And the case of the 95 barrels of vinegar affords a strong precedent.

### Congress Will Act First

Only disconcerting aspect of such a suit, from F&DA's point of view, is that it would pan out to be either an unnecessary move or something of a Pyrrhic victory, for the whole point of such action would lie in showing that FTC was no fit guardian of public interest, hence should not be given responsibility to regulate advertising under the pending food and drug law. And before such suit could be terminated, the big issue between them is certain to be concluded one way or the other.

Regardless of what F&DA may think of its commercial morals, FTC goes blissfully along its way promoting the trade practice conference idea as the most workable solution to the problems of trade ethics. This week the commission announced that the Retail Tobacco Dealers of America, representing 300,000 of the country's 800,000 tobacco retailers, had made application for a conference. If and when this code is drafted, it will be one of the biggest feathers in the commission's conference hat. Meanwhile, the racket-ridden toilet goods and cosmetics industry is toiling along toward the completion of its code, and the fertilizer industry this week won final FTC approval for its much-debated code.

### Pearl Diving at Home

The thrill of pearl diving (success guaranteed) is now available to any person owning a can-opener. Treasure Imports, New York, is distributing for a widening market a "Deep Sea Treasure." The treasure consists of one oyster, warranted to contain one genuine pearl, enclosed in a can. Retail minimum is around \$2. Each pearl is of sufficient size and beauty to be used in a ring or pin. Origin of the gems is the Japanese waters where pearls are commercially cultivated.

Distribution of this novelty is via gift shops, jewelry stores, drug stores, etc. Jewelry dealers make extra business for themselves by selling the settings. The oysters have a special amusement value for social events. High-hats of East Hampton, L. I., put them in their swimming pools and allow guests to dive for them. Others hide them on beaches. They are especially in demand for treasure hunts. No. The oysters themselves are not edible.

## Tin Strike

North Carolina reports discovery to help repair our last essential metal.

LACK of tin resources in the United States leaves a big hole in our sufficiency, a dangerous one in fact. The rising threat of another war might make adequate tin supplies more necessary and could easily call off from such supplies. Realization this has given national interest to meager news of tin strikes in this country, latest of which comes from Lincoln County, North Carolina.

For a century the existence of cassiterite (tin ore) belt ranging from Lincolnton, N. C., 35 miles south through Gaston County to Gaffney, S. C., has been common knowledge. Various times tin-booms have been experienced and mines have been opened at Gaffney, at Kings Mountain, and at Lincolnton. The latter properties of which include 631 acres is the scene of the new strike.

### Sold to New York Interest

First operated, around 1860, by Professor Furman of Cornwall, it became the Carolina Tin Mines. Stock of which was bought up by late D. E. Rhyne who mined in amateurish manner but even so disposed of considerable quantities of tin. Always believing in the mine but unable to get his purchase price out of Mr. Rhyne sold his interests to American Consolidated Tin Mine Corp., New York, some five or six years ago, at which time some stock production was undertaken—with no success.

With revival of interest in tin-producing properties, due to the European war scare, plus such new demands for tin as that represented in the belt, additional financial backing was secured by the American Consolidated. A year ago work was renewed at the Lincoln mine under the direction of Louis Hepp, superintendent of operations.

After 11 months, 125,000 tons of ore-bearing material have been taken out in an extensive development and exploration program. Last week, on Sept. 16, what is thought to be a virgin reef was discovered: a vein of high-grade cassiterite 42 in. wide, depth as yet to be determined.

Fifty-two feet of the vein have been uncovered but the company will make no positive statement as to the extent of anticipated operations until it is drifted with the vein for 200 ft. At this time, if the strike shows its present value of an average of \$30 a ton or metallic content of 7½% to 10% a ton, plans for extensive mining operations will be revealed. These will include crushing plant and possibly a smelter. No stock will be offered.

# ST CAME TIN PLATE...THEN DUCTILLIT

reports  
air our  
laid

es in the U  
hole in our  
is one in the  
another war  
tin supplies  
ould easily ca  
tes. Realizati  
onal interest to  
rikes in this  
omes from Lin  
ina.

the existence of  
belt ranging fr  
5 miles south  
County to Goff  
on knowledge.  
ns have been  
have been in  
Kings Mount  
The latter in  
clude 631 at  
a strike.

interest

ad 1860, by  
ornwall, it a  
in Mines. It  
ught up by  
o mined in  
even so dispe  
ties of tin in  
mine but ne  
price out of  
nterests to  
Tin Min  
five or six ye  
e stock prov  
th no succe  
est in tin-p  
the Europe  
y demands  
the beer a  
ing was sec  
dated. A  
the Lincoln  
of Louis  
operations  
.000 tons  
been ta  
development a  
st week.  
ut to be  
d: a vein  
wide, de  
in have be  
y will ma  
o the ext  
until it  
0 ft. At the  
present as  
a ton of  
10% a ton  
operation  
ll include  
a smel

ESS WEE



*The Best Friend* . . . a man has in this selfish world is his dog. He stands by in poverty and in prosperity; he kisses the hand that has no food to offer; he guards the sleep of his pauper master as if he were a prince . . . when all other friends desert, he remains\*. . . American family life recognizes this faithful friendship . . . and requites it with a generous yearly budget item for carefully prepared diets of dog food . . . scientifically balanced compounds of meat, fish, vegetables and meals; all brought to the home in dependable containers of tin. To the making of these containers Wheeling contributes Ductillite, the new and modern tin plate with superior qualities welcomed by both container fabricator and container user. *It's Wheeling Steel.* Wheeling Steel Corporation, General Offices, Wheeling, West Virginia; District Sales Offices in principal cities of the United States.

\*From the historic address to a jury by the late Senator Vest.

Ductillite

REG. U. S. PAT. OFF.

IT'S  
WHEELING STEEL



**CALIFORNIA ON DISPLAY**—Beginning Sept. 18 and continuing through Oct. 4, the great fair at Pomona, Calif., under auspices of Los Angeles County will display the varied crops and crafts of Southern California. It is estimated that agricultural products to the value of \$75,000,000 are represented by the exhibits.

## Sec. Perkins Lays Down the Law

**New Walsh-Healey rules for government contracts are less severe than expected, but business objects to interpretation of "open market" exemption.**

**WASHINGTON (Business Week Bureau)**—Now that the tardy regulations clarifying the Walsh-Healey government contract act are out, business men to whom government orders are important will breathe a sigh of relief. For the interpretation put on this new law by Secretary Perkins is not nearly as drastic as these concerns had feared, even though, in the opinion of many, its scope has been stretched far beyond the intent of Congress.

### Four "Musts," One "Maybe"

Briefly generalized, the new requirements that a government supplier must meet in fulfilling contracts awarded after September 27 are:

1. He must be either a manufacturer of, or a dealer in, the materials, supplies, articles and equipment concerned in the contract.

2. In fulfilling it he must, in so far as direct labor is concerned, avoid the knowing employment of convicts or of male or female laborers under the ages of 16 and 18, respectively. This requirement does not extend to office or custodial employees not directly connected with production, supervision or shipment, nor does it extend beyond the employees of the principal contractor to cover sub-contractors or suppliers.

3. He must comply with safety, sanitary and factory inspection laws of the locality where the work is performed.

4. He must adhere to a work schedule not exceeding 8 hours per day, 40 hours per week, or pay overtime wages

for any excess at a rate one and one-half times the normal scale.

The fifth requirement in the law, providing for the payment of not less than the prevailing wage rates as determined by the Secretary, is suspended for an indefinite period. Before it can be enforced in any industry there must be investigations, public hearings, and a formal determination by the Secretary. The physical magnitude of this task, repeated over and over for each industry and each section of the country, is so tremendous that no widespread application of the provision is foreseen for a long time. It will more probably be used simply as a threat against the wage-cutter, used only under provocation.

Provisions of the new law will not by any means apply to all government contracts. Exempt are contracts relating to: (1) transactions amounting to less than \$10,000; (2) construction, already regulated by the Bacon-Davis Act; (3) perishables, including dairy, livestock and nursery products; (4) agricultural products processed by the original producer; (5) common-carrier transportation and communication; (6) public-utility services; (7) contracts performed outside of the United States. The Secretary has authority to grant individual and blanket exemptions at her discretion when necessary in the public interest or to avoid injustice.

Principal criticism of the new regulations involves an alleged "re-writing" of the law by Secretary Perkins in her interpretation of the clause exempting

"materials, supplies, articles and equipment such as may usually be purchased in the open market." To the normal person this would seem to exclude purchases in *any* amount of such items as cement, structural steel, typewriters, motor trucks, and many other articles normally manufactured in accordance with standard practice and stored for subsequent sale to anyone. This tremendous loophole is nicely closed by the Secretary's interpretation applying the exemption only to those small routine orders, usually on an emergency basis, that government purchasing agents can legally make without advertising for bids. As the normal limitation on sub-orders is from \$50 to \$500, and the act applies only to contracts over \$10,000, the exemption, according to the Secretary's interpretation, is so much waste language. But what the Secretary says goes—until reversed. When the law is taken to the courts, it will probably be for an interpretation of this ruling.

If this loophole is closed, there is another which affords ample refuge. When the successful bidder is a regular dealer in the goods concerned the restrictions affect his employees only, and do not extend back to the manufacturer from whom he buys. So if the courts should support Madame Perkins on the inclusion of staple products over \$10,000 the effect of her policy may be to shove dealers to the front as contractors, which marks no gain for the purpose of the law and would raise prices to the government.

### Beet Harvester

To a man up a tree, all beets may look alike, but beet growers know the difference. Table beets (where the top has to be pinched off without injury to the beet) have been harvested mechanically for several years, and a main problem has been the development of a like machine for harvesting sugar beets (with an area of leaf scar above the ground which must be sliced off with the top).

Big news to sugar beet growers is the success of Urschel Laboratories, Valparaiso, Ind., in perfecting such a machine. As noted in *Business Week* (Sept. 5 '36, p18) it is being used in California fields this season, by Department of Agriculture research specialists. The machine is manufactured under Urschel patents by Scott Viner Co., of Columbus, O. (not by University of California engineers as erroneously stated in *Business Week*) and is not commercially available as yet.

Commenting on the progress of field research, which has covered five years in Western states, Scott Viner Co. explains the total absence of publicity: "A number of machines have been promoted to the possible advantage of the promoters but to the absolute loss of the investors."

# GET DOWN TO Floor level

SPEEDS BUILDING ERECTION AND  
BUILDING MODERNIZATION 20% to  
30%! Robertson Steel Floor sections are  
easily and quickly installed by two men!  
Floor forms, temporary planking, delays of  
concrete construction are done away with!  
Materials can be safely and conveniently  
stacked on the Robertson Floor at once!

100% ELECTRICAL AVAILABILITY!  
In office buildings, the Robertson Floor  
provides facilities for the easy utilization  
of every electrical device the future may  
bring. Every cell of the Floor is a protected  
wireway of generous capacity. And in  
industrial plants, this floor permits old  
machinery to be shifted, new machinery installed,  
with minimum expense and trouble.

**GIVE FLOORS** the serious attention they deserve  
when you build or modernize! Don't fall into  
the common error of taking them for granted, or  
buying them purely on the basis of so many cents  
per square foot. For floors are the primary reason  
for any building's existence. They form the only  
rentable or usable areas of your building. They determine  
to a large extent the electrical facilities and  
life span of your building. So get down to floor level!  
Think about Floors!

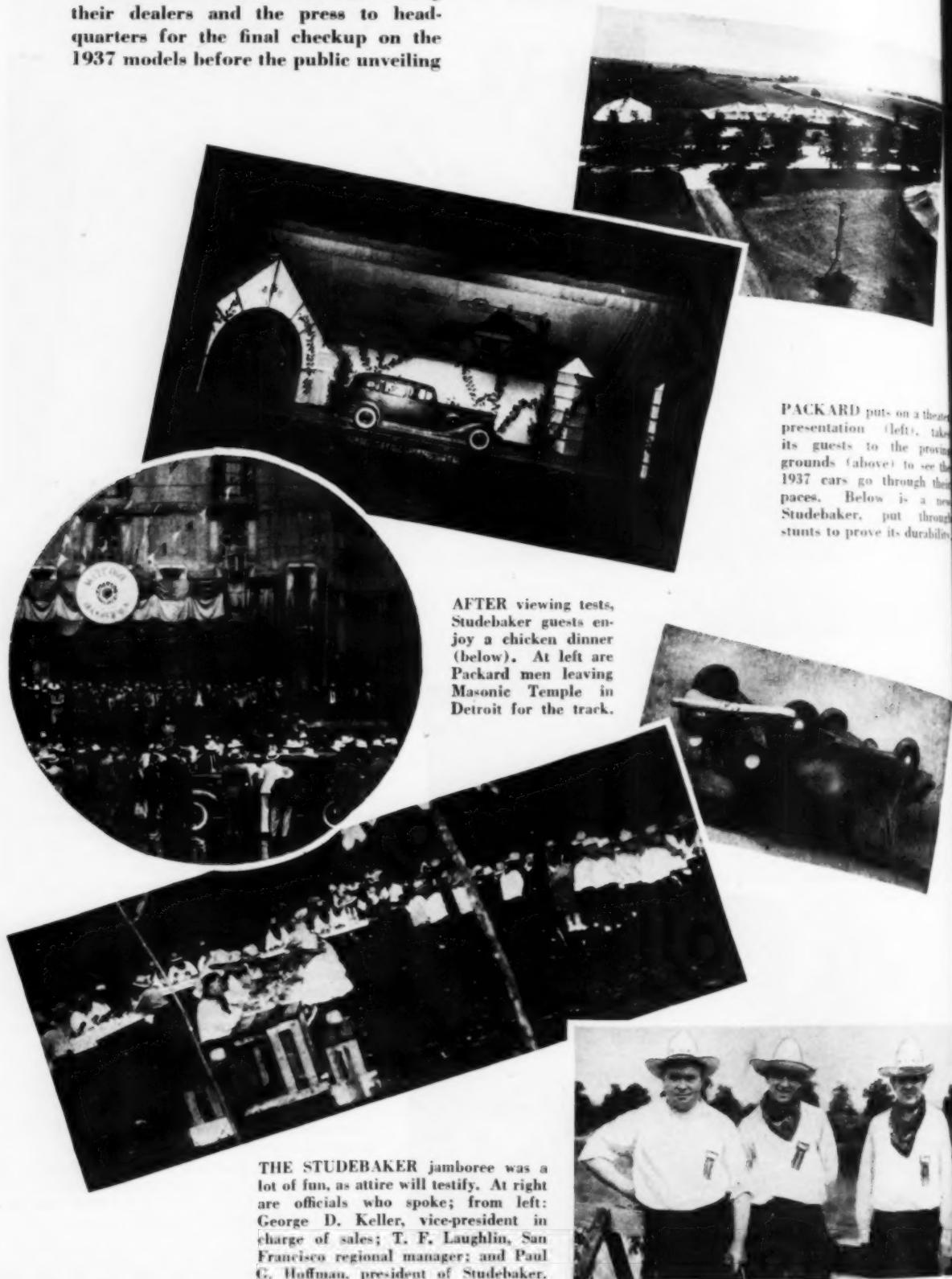
Your first step in this direction should be a thorough investigation of what the new Robertson Steel Floor System has to offer. Faster building erection for example — 20% to 30% faster. The Robertson Floor does away with floor forms. Banishes temporary wood planking. Eliminates the delays of ordinary concrete construction. Permits other trades to work on it, and stack materials on it, immediately after it is laid. It reduces dead weight loss, too. Allows you to use a lighter structural steel framework, saving money. It reduces fire and accident hazards. And it provides a comprehensive electrical distribution system. For every cell in the floor is a protected wireway of generous capacity.

Our brochure "New Life for Buildings" gives you the complete story of this unique floor system. Send for it. It's free. Address H. H. Robertson Company, 2001 Grant Building, Pittsburgh, Pa.

**ROBERTSON STEEL FLOOR SYSTEM**

# Before the Curtain Goes Up

American automobile makers are calling their dealers and the press to headquarters for the final checkup on the 1937 models before the public unveiling



AFTER viewing tests, Studebaker guests enjoy a chicken dinner (below). At left are Packard men leaving Masonic Temple in Detroit for the track.

THE STUDEBAKER jamboree was a lot of fun, as attire will testify. At right are officials who spoke; from left: George D. Keller, vice-president in charge of sales; T. F. Laughlin, San Francisco regional manager; and Paul C. Hoffman, president of Studebaker.

PACKARD puts on a theatrical presentation (left), takes its guests to the proving grounds (above) to see the 1937 cars go through their paces. Below is a new Studebaker, put through stunts to prove its durability.

# Motordom's Curtain-Raisers

Automobile previews are carefully staged to give the new cars a big send-off—behind the scenes.

Automobile preview season is on, prospects that it will reach its peak October and terminate in early November. At that time the industry lay away its preview clothes in balls for another ten months.

Way of explanation to the unversed, a preview is an automotive exhibition of long standing which persists by several days or even a month, formal introduction of new models.

Privileged few, often limited to a day or two and sometimes consisting exclusively of the Gentlemen of the Press, take a look behind the scenes at new cars. At times the previews held in connection with annual meetings of distributors, dealers, and held sales staffs, when the numbers run into the hundreds or thousands. In a while the inner circle is widened to include leading industrialists officials of competing companies, the way) and municipal officials.

## Showing Showmanship

Car manufacturers have an admirable record for showmanship, hence a preview is just a stodgy affair where people nod around and emit "ohs" and "ahs" as they inspect new models. Detroit is on a real show, spends money freely to make it good. For instance, Packard's 1937 preview, the most remarkable, one of the most spectacular, and larger than the average.

Early in the morning of Sept. 3 some 200 Packard distributors and dealers descended on Detroit by rail, bus, boat, plane and motor. President Alvan Macauley, after addressing the guests at Masonic Temple, unveiled the new Packard Six on the stage amid vociferous cheering. A luncheon followed an unusual sight in itself, with 3,000 seated at tables. Then 150 Detroit street Railway buses, the largest number ever chartered, took guests for a quick tour of Packard's factory, every building of which had been marked with large signs to tell what operations were done there. Then the parade of cars headed for Packard's proving grounds near Utica, Mich.

## Fresco Exhibition

The proving grounds had been transformed into a tented city. In the plaza the grass, in a beautiful natural setting, 1937 Packards were on display under a big tent was a complete line of cars. One huge tent was set aside for a barbecue dinner that night. And in bright red uniforms greeted people as they entered the grounds. Ginger ale stands were scattered around, with free drinks for the thirsty. At

four in the afternoon the new cars were put through their paces on the 2½-mile oval track, dealers watching from bleacher seats. Three races were feature events; participants in the grand finale were Tommy Milton, Ralph DePalma, and Bob McDonough, famous race drivers; and Colonel Jesse Vincent, Packard's vice-president of engineering. Milton has been on Packard's engineering staff for 10 years and DePalma is a Packard dealer at Lafayette, Ind.

## Special Press Room

Gentlemen of the Press were conveyed to the proving grounds in important-looking Packards labeled "Press," had a special room for their use at the clubhouse (admission only by card—and there wasn't any foolishness about it, the rule was strictly enforced). In the early evening they were whisked down to the Book-Cadillac Hotel for a private dinner party where Packard's general manager, M. M. Gilman, was one of the hosts. The next day Packard men drove home over three million dollars' worth of new cars, claimed to be the largest driveaway in history.

What the Gentlemen of the Press especially enjoy are their own private snooping parties, when occasionally the circle includes that advertising space salesmen fraternity. The Paul Prys (as one of their own number has dubbed them) attended the recent preview put on by Studebaker. To provide these blasé fellows with a thrill, a stunt driver tried vainly to roll over one of the new Studebakers on a steep bank but failed, finally drove it into a 3-foot ditch at 50 miles an hour, turned it over twice and came up smiling and unscathed. Also on the program was a milking contest. Chief Engineer Roy Cole of Studebaker beat Bert Pierce of the New York *Herald Tribune*.

## Last Year Set Fast Pace

This year's previews will have to step along at a lively pace to surpass those of 1935. Last year the previews differed in tone according to policies of individual companies, some being dignified and others filled with ballyhoo and hilarity. Their settings ranged from proving grounds and country clubs to hotels and factories. They lasted from a few hours to an entire week-end. In a few cases expensive Broadway entertainment was imported. The boys at Detroit are still talking about the big Chevrolet party which started in the morning at the General Motors proving grounds and moved with increasing tempo to a climax at a dinner at the Book-Cadillac that night.



● "CHAIRITIS," a congested condition of the respiratory, digestive and eliminative organs, brought about by years of improper sitting posture. This modern malady is robbing thousands of office people of energy, vitality and health.

The Air-Duct, Do/More provides comfort and healthful posture. It is the only chair both ventilated and upholstered. A large insurance company recently installed five hundred (name on request).

Do/More are made for executive, clerical and factory use. They will be placed on trial with any responsible firm. If they can't prove you should have them—we won't try to!

Write today for further facts.



For executives the No. 506 Woodfield provides relaxation and exercise at your desk.

**Air-Duct  
DO/MORE**

Licensed by Posture Research Corp.

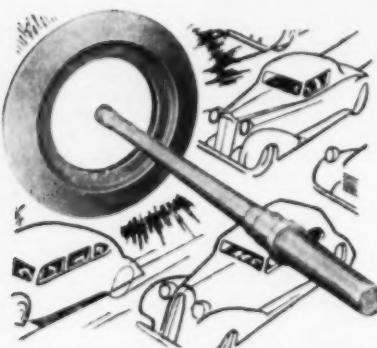
Do/More-Chair Company, Inc.  
910 Monger Building, Elkhart, Indiana  
Gentlemen: Without obligation, please send me  
Folder describing:  
Clerical Chairs..... Executive Chairs.....  
Factory Chairs.....

# Quality Steel Extra Profits



## Strict Metallurgical Control Maintains High Standard of J & L Quality

Strict metallurgical control over every J & L manufacturing process from iron ore to finished product is the biggest single factor in maintaining the traditionally high standard of quality of J & L steel products. It is your guarantee that J & L steel products will meet your most exacting demands.

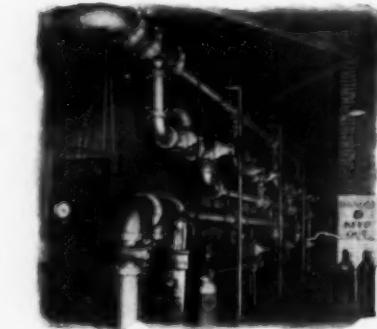


## Lower Costs, Bigger Profits, with J & L Forging Steel

J & L makes a correct forging steel for every forging requirement. You can always depend on J & L Forging Steel for uniform high quality forgings, fewer rejections, longer life of dies, lower costs—and therefore bigger profits. Shown above are typical automotive parts made of J & L Forging Steel.

## Longer Tool Life with J & L Improved Cold Finished Bessemer Screw Steel

In the manufacture of the motorcycle front hub shells shown here, the use of J & L Improved Cold Finished Bessemer Screw Steel resulted in a 22% longer tool life—a direct result of the high machinability of this quality steel. Its improved machinability has also made possible production increases ranging from 11% to 99%.



## Dependable Performance Always with J & L Steel Pipe

J & L Steel Pipe, both welded and seamless, is in use in thousands of installations. The dependable service for which J & L Pipe is known is the result of the uniform high quality built into it at the mill and the careful inspection system which permits nothing but the finest pipe to reach the shipping platform.



# Steel Every Need . . . Prof for Every User

You depend on steel for more efficient and more economical operations.

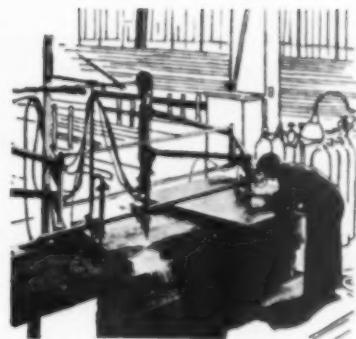
And, you get the benefit of the knowledge and skill of the J & L technical staff whose assistance in selecting the right grade of steel for specific requirements often points the way to greater operating efficiencies and increased profits.

Hundreds of steel users in every major American industry are today taking advantage of this 3-way profit that comes from concentrating steel purchases with Jones & Laughlin. It will pay you, too, to look to J & L for all your requirements.



## J & L Spring Wire for Speedy Production of Quality Springs

J & L Spring Wire helps you increase production because it lends itself so readily to coiling, crimping, knotting and other forming incident to spring making. Quality springs are assured because J & L Spring Wire has the resilience to provide just the right springiness and the stamina to hold that springiness indefinitely.



## Time- and Money-Saving Quick Service from J & L Warehouses

J & L Warehouses are strategically located to give you prompt service. Warehouse stocks are diversified and complete. Special saws, shears, punches, and flame cutting equipment such as the oxygraph machine pictured here give you the steel you need in ready-for-use form, thereby saving you time and money.

## LOOK TO J & L FOR ALL YOUR STEEL REQUIREMENTS

Billets, Sheet Bars, Skelp . . . Hot Rolled Bars, Plates, Shapes, Strip and Sheets . . . Lightweight Channels . . . Railroad Spikes and Tie Plates . . . Bars for Concrete Reinforcement . . . Assembled Road Bar Mats . . . Forging Steel . . . Jolcase Steel . . . Cold Finished Steel . . . Steel Piling . . . Junior Beams . . . Fabricated Structural Work . . . Seamless and Welded Tubular Products . . . Wire Rods and Wire Products . . . Tin Plate, Black Sheets and Manufacturing Ternes . . . Coke By-Products . . . Pig Iron

## JONES & LAUGHLIN STEEL CORPORATION

AMERICAN IRON AND STEEL WORKS

JONES & LAUGHLIN BUILDING, PITTSBURGH, PENNSYLVANIA

Sales Offices: Atlanta Boston Buffalo Chicago Cincinnati Cleveland Dallas Denver Detroit Erie Houston Los Angeles  
Memphis Milwaukee Minneapolis New Orleans New York Philadelphia Pittsburgh Seattle St. Louis San Francisco Toledo  
Warehouses: CHICAGO CINCINNATI DETROIT MEMPHIS NEW ORLEANS NEW YORK (Long Island City) PITTSBURGH

\*Operated by National Bridge Works, Division of Jones & Laughlin Steel Rolling Inc.

Canadian Representation: JONES & LAUGHLIN STEEL PRODUCTS COMPANY, Pittsburgh, Pa., U. S. A. and Toronto, Ont., Canada



# Yardstick for Donations

**Corporations try to put contributions to community drives on a systematic basis. Some big companies already follow a set formula in figuring their share.**

**WASHINGTON (Business Week Bureau)**

—Many corporation executives appeared in Washington last week under auspices entirely different from what they have been accustomed to. Albert H. Morrill, chairman, Kroger Grocery Co., bragged that he could again appear in respectable company. Wendell Willkie, chairman of Commonwealth & Southern, enjoyed it, too, until somebody mentioned that "damn word 'yardstick'."

How did that get into the discussion at the National Conference on Human Needs, a preliminary to the Community Chest drives that will soon be on throughout the country? Willkie subsided when Gerard Swope, president of General Electric, explained that the object is to promote adoption of standards for determining the just measure of contributions that corporations should make to charity. Some basis that will tickle corporate conscience, if necessary, but also afford protection for the contributor, who has done his fair share, against the importunate demands of a high-pressure soliciting organization.

## GE Keeps Pace With Town

Swope explained the method under which GE is working in all cities in which its plants are located. Its contribution to local Community Chest budgets is in the same proportion as the assessed value of its property is to the total. Where its gift previously exceeded that ratio, the old percentage has been continued but the amount will not be increased until the chest's total budget comes up to the point at which the GE contribution is in correct ratio.

In GE's home town, Schenectady, for example, the assessed value of the corporation's property is 11.8% of the total. Its contribution to the chest in

the past two years has been 12.9% because that happened to be what the company had previously contributed but the size of its gift will not be increased until the dollar figure represents 11.8% of the chest's budget.

Donaldson Brown, chairman of the finance committee of General Motors, invited participation by other manufacturing concerns in the plan which that company has experimentally adopted. It is a two-step method in which the total quota for all factories in the community is the same proportion of the chest budget as the total taxes paid by the factories bear to the total taxes paid by the community. Each factory's share of the industrial quota then is fixed in proportion to its average number of employees. General Motors carries its plan to the extent of determining how much of its contribution should go, in the light of local factors, for chest activities to relieve suffering and destitution and how much for recreational and character-building services.

No attempt was made at the conference to adopt a set formula for universal application. Governing principles vary as between industrial, utility and merchandising firms. A committee of utility executives will meet next month at White Sulphur Springs, to devise, if possible, some kind of a formula to recommend to that industry. Railroad men also are studying the proposition.

Chain store representatives turned down the proposal for an established formula because the ratio of employees to sales is greater in the chain store trade than in most other lines of busi-

ness and because social security legislation imposes a relatively greater burden upon them than upon their individual competitors. They advocated greater decentralization of authority for giving in order to allow greater play to local needs of which general offices cannot be aware. In refusing to concede the practicability of a standard as applied to their business, the chain store men urged that they are not trying to shirk their responsibility. It was reported that leading chains have increased their contributions by 140% over 1929.

Standard or no standard, the amount necessarily varies as, obviously, a grocery chain can't be expected to contribute as much as variety stores. Woolworth has adopted 1/10% of its sales as a standard. Every store is assessed. The local manager gains nothing by not giving and he can't give more; 75% goes to the community fund and 25% is reserved for other appeals.

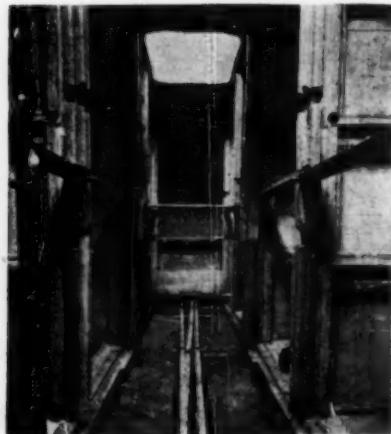
## Systematizing Voluntary Donations

Some Community Chest officials aren't enthusiastic about the application of standards by their big contributors. But just as the Community Chest principle has made the appraisal of needs much more systematic than in the past, many corporations, particularly those which are nationally owned, feel that it is equally desirable to put voluntary contributions upon a systematic basis.

Sensible support of private philanthropy tends, of course, to check displacement of such agencies by public administration of relief activities, which is inseparable from political influence.



**BEGINNING A NEW ERA**—When the trawler *Storm* left port for a trial run early this month, a new cycle in the fishing industry began. Fish holds (right) are lined with pure nickel, presenting a sanitary contrast with the old-style wooden bins (left). Two more trawlers are being built by Forty Fathom Fisheries, Boston, and all feature streamlining, drying rooms for wet clothing, shower baths for all hands, improved quarters.



security legal  
greater budge  
their individual  
dvocated great  
urity for give  
ice play to loc  
l offices can  
to concede th  
hard as applic  
ham store me  
trying to shi  
was reported  
increased the  
over 1929.  
ard, the amount  
nously, a groce  
to contribute a  
Woolworth ha  
sales as a stand  
ssed. The loc  
by not giving  
; 75% goes to  
ad 25% is to

ary Donation

Chest official  
the application  
ng contributors  
Chest princi  
al of needs  
n in the past  
icularily those  
ned, feel that  
put voluntary  
matic basis.  
private philan  
to check dis  
es by public  
ivities, which  
al influence.



## "PREFERRED POSITION"

*In the field of broadcasting, NBC  
has it...and has always had it!*

In radio audiences, "Preferred Position" goes to the networks which *best* deliver the *greatest number of the most popular* programs. The Blue and Red NBC networks do this, year after year, to maintain this habitual listener preference—the most valuable asset which any advertiser can have.\*

\* Over the past few years, independent listener polls have given NBC network programs first place by a commanding majority. It is so this year. Radio Guide's latest nation-wide poll gave NBC network programs 9 out of 11 first places. The Women's National Radio Committee gave NBC 3 out of 4 winners—9 out of 11 runners-up!

*Listen to the RCA Magic Key Program on the NBC Blue  
Network Sundays 2 to 3 P. M., Eastern Standard Time*

**NATIONAL BROADCASTING  
COMPANY, INC.**

*A Radio Corporation of America Service*

NEW YORK • CHICAGO • WASHINGTON • SAN FRANCISCO



NBC'S 10th YEAR of LEADERSHIP in BROADCASTING



cts with  
dent deal

to buy its tires  
some months he  
placed with J  
and others and  
in getting all  
from wholly-ow  
specifications.  
E. Wood, pres  
der company,  
ued for some t  
P law is better

las Supply Co  
more or less in  
ers say that M  
has decided to  
in the hope  
so that no ch  
become neces  
ntually start t  
the tire man  
volume prob  
tivities in ou  
tlets such as  
Firestone. G  
This would  
to compete w  
ind Ward re  
of Standard O  
outlets. Wh  
than help in

Insull

ting Co. a  
resident; ne  
ital is inc

other surroun  
pера Build  
adcasts of it  
Co., the co  
were up in th  
over some  
Samuel Insu  
in the role

decided th  
out any pre  
had. The  
eral mana  
nberry exec  
Ota Gygi  
assistant to  
d Max Ha

the action  
t addition  
capital we  
that orig  
up \$76,00  
sts invest  
per mont

The Treasury is racing against the

new personnel lineup is expected to move A.B.C.'s chances for success. George Leitch is an experienced operator who owns three stations (at Terre Haute and Evansville) that are part of the A.B.C. network. T. E. Quisenberry is a well-known Chicago financier with a variety of business interests. Gygi and

Halperin have been on A.B.C.'s executive staff from the start (BW—Jan 4 '36, p13).

Meanwhile Mr. Insull expects to continue as a director of A.B.C. to protect the investment he represents, and he refuses to admit that he is either licked or broke.

## Scaling the Deficit

### **Morgenthau must float his long-term issues faster than government piles up new debt and his success will mean a higher debt charge.**

balanced budget does not seem to be the U. S. Treasury. The September offering of nearly \$1,000,000,000 in 20-year bonds had dealers climbing walls to get their hands on them, this week Sec. Morgenthau proudly announced that 55.3% of the federal debt is of the long-term variety.

Governments are supposed to have a time financing when their purses are loose at one end, but this Administration, by maintaining a firm grip on the money markets, has been able to set precedents. Through various agencies, which may buy U. S. bonds—Postal Savings, trust funds, Federal Life Insurance Corp., and perhaps a stabilization fund—Uncle Sam has been able to keep interest rates down. Tenuously, lower interest rates were used to help general business. Certainly, they have had the collateral effect of creating a bull market in government securities. Not only has new financing been cheap, but the Treasury has been able to replace short term issues with long terms, without paying much in the way of additional price. (Usually, a debtor tries to lengthen the date of maturity, the interest rate goes up.) Improving business has been a factor. Money has come out of hoarding, has been deposited in banks, and banks have invested in governments. Until the market for business loans turns sharply upward, commercial houses are likely to be buyers of Mr. Morgenthau's paper.

#### Maturities Ahead

From a fiscal standpoint, the prolongation of maturities is favorable. But the fact that 55.3% of the paper matures within five years is hardly a bragging point. After all, the total debt is \$160,000,000. About \$14,000,000,000 matures within five years. That, despite the improvement, is a bulky sum to take care of.

The federal government's financial affairs will not be in order until the major part of the debt is long-term. That Mr. Morgenthau recognizes this is evident in his policy of lengthening the maturity of each new issue.

The Treasury is racing against the

deficit. Mr. Morgenthau must float long-term issues faster than the government piles up new debts, or the favorable 55.3% will not long endure.

The average maturity of federal obligations today is 9 years and 8 months, which compares with 7 years and 7 months on Dec. 31, 1934. The extension of maturity has been accompanied by a lowering of the interest rate. For long-term financing, during 1935 and 1936, Uncle Sam has gotten by with interest charges no higher than 2.875%, and in one case as low as 2.64%.

The average rate of interest has been declining steadily—from 3.181% on June 30, 1934, to 2.715% on June 30,

1935, to 2.545% last June. Superficially, that is inspiring, and it is an important factor in reducing the cost of servicing the growing debt. But, as the Treasury continues to increase the longer-term maturities by retiring the short-term obligations, the net cost will rise. If the government puts out a bond issue to supplant a note issue, even though the interest rate may be low, it will not be lower than the note rate.

Hence, the tendency—if Mr. Morgenthau pursues the adopted policy of substituting long-term bonds for short-terms—will be toward a higher debt charge over the next few years, notwithstanding the fact that money is cheap and the further fact that the government controls the money market.

#### Boosting Conservation

INDUSTRIES, as well as governmental bureaus, have conservation enthusiasts. Masonite Corp., makers of pressed wood products, announces a 1,000,000-acre reforestation project near its Laurel, Miss., plant. Cooperating with the state, the company will superintend the planting of 300,000 new trees annually by 300 private timber land owners. Scientific pruning, thinning, seed collection, fire protection will be taught. The company is thinking not only of its future supplies but of economic obligations.

**KOPPERS and the Harbor**

The advertisement features a large building with a curved roof, possibly a pier or warehouse, with several barrels stacked in front. A circular logo with the word 'KOPPERS' is positioned above the building. To the right, a stack of barrels is shown with various labels around them. The labels include: CREOSOTE, CREOSOTE-COAL TAR, SOLUTIONS . . . TARMAC, ROOFING PITCH . . ., FELT . . . ROOFERS REFINED, CEMENT . . . TAR-SATURATED FABRIC . . ., TARRED . . . TAR ROOF . . ., TAR . . . PRIMING OIL . . . ALUMINUM, BITUMINOUS PAINT . . . METAL PAINTS . . . TRAFFIC PAINTS.

Almost all Koppers products are "protective" products . . . and nowhere are these protective qualities more important or more effective than at the seashore. Koppers Creosote has saved millions of dollars worth of piling, bulkheads and piers from destruction by marine borers. Koppers Roofing Materials give added years of life to pier and warehouse roofs. Koppers Waterproofing and Dampproofing Materials protect building foundations, and concrete structures against the destructive action of salt water. Koppers paints protect galvanized iron buildings from corrosion.

**KOPPERS PRODUCTS CO.  
PITTSBURGH, PENNSYLVANIA**

1. Tarmac for Roads
2. Roofing Materials
3. Waterproofing Materials
4. Bituminous Paints
5. Creosote for Wood Preservation
6. Light Oils
7. Tar Acids
8. Coal Tar Pitches

"Some na



ATHLETIC  
CLUB

# ain't a load of pipe-

*and make it snappy!"*



REAL telephones are ringing, placing real orders like this—thousands of times every day, all over the country. At the other end of the wire is a local merchant who sells steel and steel products—there is at least one in every community. He is the dealer, the jobber or the distributor selling by the pound, foot or ton.

In this intricate age of ours, living would come to a standstill without steel distributors. For example: An explosion wrecks a small factory building. Men are out of work; the plant can't operate. The contractors rebuild the structure over a week-end because they can get the many necessary kinds of steel—tons and tons of it, at once—from a nearby steel warehouse. Or a homeowner, doing a few odd jobs around the house, needs a pound or two of assorted nails. He gets them, right away, from a local dealer, who has all sizes in stock because he is able to replenish his

supply overnight from a nearby jobber.

Other steel jobbers and distributors supply the pipe that plumbers use, or the steel girders to be placed in the basement of a home, or a small piece of alloy steel needed by a machine shop, or the electrical cable required by an electrician—even a few pieces of stainless steel for a store window. Farm and lawn fences, poultry netting, wire rope, galvanized sheets for barn and house roofs—practically any kind of steel that anybody uses—are carried in stock by these distributors, ready for delivery at a moment's notice.

United States Steel is proud to be a part of the service made available by these distributors. Bridges, ships, buildings, railroads—these require huge tonnages of steel. But the biggest purchasers of all are the distributors—selling to thousands of individuals and businesses. Their success is vital to the success of United States Steel.

AMERICAN BRIDGE COMPANY • AMERICAN STEEL & WIRE COMPANY • CANADIAN BRIDGE COMPANY, LTD. • CARNEGIE-ILLINOIS STEEL CORPORATION • COLUMBIA STEEL COMPANY CYCLONE FENCE COMPANY • FEDERAL SHIPBUILDING AND DRY DOCK COMPANY • NATIONAL TUBE COMPANY • OIL WELL SUPPLY COMPANY • SCULLY STEEL PRODUCTS COMPANY TENNESSEE COAL, IRON & RAILROAD COMPANY • UNIVERSAL ATLAS CEMENT COMPANY

*United States Steel Corporation Subsidiaries*



## UNITED STATES STEEL

# Market Makers—Or Breakers

**The investment counsel shoulders a heavy responsibility. He's likely to be a young man. Sometimes he's a banker. Recently he has been expanding.**

INVESTMENT counsel have the power to make or break the stock market. Under their supervision is a huge aggregate of assets—variously estimated from \$3,000,000,000 to \$30,000,000,000 (*BW*—Sep 1936, p42).

If only personal accounts of individuals are considered, the smaller figure is closer to reality; if institutional funds are included, the total is very much higher. But, in any case, the amount is sufficient to exert a tremendous pressure.

Concentrated liquidation of such a volume would ruin a market as broad as 1929's. And present-day trading is not nearly as hefty, because of the Securities and Exchange Commission influence. No longer is it possible to sell 500 shares of U. S. Steel without creating a minor price disturbance.

Hence, a tremendous responsibility rests with investment counsel. This responsibility, amazingly enough, is shouldered by young men—very young men.

## TRUST INVESTMENTS *in a changing world*

**A** PRIMARY duty of a Trustee is to maintain the safety of principal of the funds held in trust. Many statutes exist which undertake to establish safety by rigid rules of conduct and procedure in trusteeship.

The truth of the matter is that safety is not absolute and static, nor attainable by rule of thumb.

We believe there is a *new* reason for the traditional view that under normal conditions trust funds should be invested in high-grade bonds. But we cannot feel that any view, however conservative in theory, is sound unless it really affords protection. We believe the conservative trustee must be courageous enough to recognize unusual circumstances and be guided by their mandate.

Early in this year, our Investment Officers made a careful survey of the outlook for monetary changes and of the effects of impending legislation. Special meetings were held beginning April 23rd, with the Trust Committee of the Board of Trustees, and after full consideration, it was concluded that changes in the economic outlook were sufficiently fundamental to warrant, if not compel, the inclusion of some equity investments in our Trust Accounts.

Immediately analyses were made of all trusts where equity investments were permitted under the trust terms, and we promptly recommended to our various clients detailed programs for converting into equities a portion of their funds, the amount depending upon the circumstances in each case.

We mention these facts only to illustrate that situations do arise which test the promptness, alertness and soundness of trust investment policies. We were not actuated by any desire to secure a speculative profit for our trusts. Our purpose was to lessen the risks of reduced purchasing power of the principal and income of the funds in our care.

The Bank of New York and Trust Company has been administering trust estates for more than one hundred years. Its basic policy of personal attention by senior executives to each fund has never been changed. It has always adhered to conservative investment policies with full recognition of changing circumstances.

**BANK of NEW YORK  
and TRUST COMPANY**

For a 25-year-old to advise a retired greybeard is nothing unusual. Account supervisors are as young as that. Even the executives in major firms are not long out of college. The partners in Scudder, Stevens & Clark average 37. Courtly Theodore T. Scudder, founder of the firm and the profession, is 47. James H. Ottley, president and treasurer of Young & Ottley, is only 33 and proud as Punch that he should be as young as he is and as far as he is. The average age of the men who sit in the high councils of Loomis-Sayles & Co., Inc., is 43.

The men are young, because the business is young. Those who pioneered naturally chose associates of their own age—often classmates, which explains in part the heavy Harvard influence.

Curiously enough, the profession was founded on misgivings—Scudder's misgivings. He graduated from Harvard in 1911, became a runner for the New York banking house of White, Weld & Co. Later, he returned to Boston as a bond salesman—a good one. He had the personality and the connections.

But Scudder was troubled. Was it

## Investment Counsel—II

Like Topsy, the investment counsel business just grew. It was a post-war development, ideally suited to the expansive temperament of a bouncing nation. As corporate finance became more and more complex, as new industries flourished, investors found it necessary to employ others to safeguard their fortunes—men who were paid only for their opinions on securities. Here, *Business Week* traces the early growth of the profession whose present setup was described last week (*BW*—Sep 1936, p42). A third and concluding article will discuss (a) its services from the investor's standpoint, (b) the limitations imposed by its growth.

right to sell bonds to people without taking into consideration (a) their investment aims, and (b) the distribution of their portfolio of securities?

In 1914, he formed his own small banking firm, and in 1919, with Sidney Stevens and F. Haven Clark, he organized the investment banking house of Scudder, Stevens & Clark—on entirely new principles. When the firm sold securities to a client, the profits made on sales were disclosed. In this, Scudder was 15-odd years ahead of the SEC. In addition to selling securities, the firm supervised investments of customers. For this, there was no charge.

But in a year or so, the partners discovered that advice was taking up more time than securities distribution; that income from the sale of securities was no recompense for their supervisory efforts. Scudder and Clark (Stevens, meanwhile, had retired) went into a huddle. They decided to charge a fee for investment advice—1% on all transactions. Late in 1921, they gave up investment banking entirely. Scudder, Stevens & Clark became investment counsel—with nothing to sell but their services.

## U. S. Ripe for It

Until that time, investment bankers were the chief source of information on investments. Their suggestions were not entirely dispassionate, because they had securities on their shelves which did not improve with old age. Trust departments of banks also offered advice, but they tended to be hamstrung by legal requirements.

In Great Britain, the nearest calling akin to investment counsel was the estate solicitor, who not only handled investments but attended to all other affairs of his clients—renting a manor house, arranging transportation, running a racing stable. The Scudder firm was the first to be organized solely to supervise investments for a fee.

The United States was ripe for it. The investment horizon was broadening.



Wide World

**EYEBROWS LIFTED**—Surprise was general on June 29, 1933, when the Bank of New York & Trust Co. advertised that it had recommended common stocks for its trust accounts. Although the bank aggressively promotes its trust operations, advertisements never mention its investment counsel department. President John C. Trapagen prefers to have the advisory business expand by reputation only.

Boston, industrial. But our driving England of this. However, became were in New York's trading daily investments and Sc... Invest... The... hired t... with t... It was... suspicious... were b... a certain... amount... long a... One... in a s... In 192... there bran... Sayles... into F... & Co... You... ginn... a Wal... was a... they v... ests b... Ott... tive... emplo... missio... You... societ... ship... You... Start... In... But j... the m... Not... Ott... Then... record... There... public... suited... built... Su... ley... ferenc... entire... parter... & Co... conti... it, be... publ... tryin... C...

unsel-II  
ment counsel  
as a post-war  
t to the ex-  
at bouncing  
ance became  
as new in-  
tors found it  
s to safe-  
ns who were  
ns on secur-  
& traces the  
ession whose  
ed last week  
third and  
scuss (a) its  
tor's stand-  
imposed by

e without tak-  
their invest-  
istribution of  
s?

s own small  
; with Sidney  
ark, he organ-  
ng house of  
—on entirely  
firm sold se-  
fits made on  
this, Scudder  
the SEC. In  
ies, the firm  
customers. For

partners dis-  
ring up more  
tion; that in-  
rities was no  
sority efforts.  
meanwhile,  
iddle. They  
investment  
tions. Late  
tment bank-  
ens & Clark  
—with noth-

ent bankers  
formation on  
ns were not  
use they had  
ich did not  
ust depart-  
advice, but  
g by legal

rest calling  
s the estate  
led invest-  
ther affais  
nor house.  
ning a rat-  
m was the  
o supervise  
for it. The  
roadening.

SS WEEK

Boston, the seat of the nation's early in-  
dustrialism, was comparatively mature.  
But out West, new industries were  
thriving—motors, especially. And New  
England capital was itching for a part  
of this expansion.

However, the field of investments had  
become complicated. Railroad shares  
were no longer dominant on the New  
York Stock Exchange. A 15-minute  
reading of the financial pages of the  
daily paper did not equip one to pass on  
investments. Expert advice was exigent.  
Investment had become a full-time job  
and Scudder was prepared to do that job.

#### Investors Were Suspicious

The business grew. Salesmen were  
hired to acquaint the investment public  
with the investment counsel's services.  
It was a difficult task. Investors were  
suspicious. Commissions were high and  
were based on insurance commissions—  
a certain percentage the first year, a lower  
amount the next, and then a small propor-  
tion from then on ad infinitum, as  
long as the account lasted.

One of the early associates of the firm,  
in a sales capacity, was A. Vere Shaw.  
In 1926, he came to the conclusion that  
there was room for another firm, and  
branched out, forming Shaw, Loomis &  
Sayles. In August, 1930, this firm split  
into Loomis-Sayles and A. Vere Shaw  
& Co., Inc.

Young & Ottley likewise had its be-  
ginnings in 1926. James H. Ottley was  
a Wall St. customers' man; C. W. Young  
was a statistician. After market hours,  
they would chat. They had other inter-  
ests besides statistics. Both were Yale.

Ottley's accounts were large, but inac-  
tive. This, naturally, did not please his  
employers, interested in brokerage com-  
missions. Ottley decided to pull out.  
Young and he formed a loosely-knit as-  
sociation, a sort of common-law partner-  
ship. Ottley contributed his accounts.  
Young also brought in some.

#### Started Advertising

In 1929, the firm was incorporated.  
But just before that, Young was leery of  
the market, and accounts were liquidated.  
Not until late in 1932 did Young &  
Ottley, Inc., repurchase common shares.  
There was a nearly perfect depression  
record. And they advertised the fact.  
Theretofore nothing so enterprising as  
public advertising had been considered  
suited to the staid professional principles  
built up by investment counsel.

Success did not bind Young and Ott-  
ley. The two young men developed dif-  
ferences of opinion which were not  
entirely friendly. In July, 1933, they  
parted. Young formed C. W. Young  
& Co. His stock in Young & Ottley  
continues in suspense. Ottley is to buy  
it, but the price is unsettled. Certified  
public accountants and a referee are  
trying to fix satisfactory terms.

C. W. Young & Co. grew rapidly;

# Precision Motors for Precision Tools



Because they are built to accurate and precise  
tolerances—with more than ample mechanical  
strength in the frames, end brackets, shafts and  
supporting members—Century Polyphase Motors  
help maintain the original satisfactory performance,  
precision and accuracy of the tools they drive.

Keep themselves clean inside in the presence of  
dust that will not harden with heat nor solidify  
with high humidity—Easy to keep clean outside  
—Remarkably free from vibration—Harmonizing  
appearance.

#### Quiet Starting—Quiet Running

*Century*  
MOTORS

CENTURY ELECTRIC COMPANY  
1806 Pine Street • • St. Louis, Mo.  
Offices and Stock Points in Principal Cities

DIRECT CURRENT • SINGLE PHASE • SQUIRREL CAGE • SLIP RING  
UP TO 600 HORSE-POWER



## Industry Welcomes the MALLORY Resistance Welding Man

Large plants, particularly in the automotive industry, know Mallory welding men not as mere sales representatives but as authoritative advisers in the production of better welds at less cost.

Mallory engineers are recognized experts in the welding art, and the Mallory organization was the primary force in promoting the use of water-cooled welding electrodes and in the development of high conductivity copper alloys for welding tips and wheels. Hardenable Mallory 3 casting alloys for welding machine elements and for large welding dies such as are used on flash welders are exclusive Mallory contributions.

Put your welding problems up to Mallory!

**P. R. MALLORY & CO., Inc.**  
INDIANAPOLIS INDIANA

Cable Address—Pelmano



Young's reputation followed him. But again there was trouble. His new backers attempted to impose restrictions, brought in two new men, E. Thurston Clarke, of the investment department of J. P. Morgan & Co., and Robert W. Sinsabaugh, formerly associated with the Central Hanover Bank & Trust Co. It was not long before Young sold out his stock and found a new world to conquer—with Young Management Corp. C. W. Young & Co. became Clarke, Sinsabaugh & Co., Inc.

### For the Little Fellow

Until this year investment counsel, as such, was available only to wealthy men and women. Accounts of less than \$100,000 were spurned. Now Young Management is going out after the small account—and the profession, to put it mildly, is looking on with interest. An individual with resources as small as \$10,000 can employ the services of Young Management for continuous, personal supervision.

To service the small fund, Young is charging an initiation fee—\$500 on the first \$10,000 and gradually lower up to \$100,000. It seems steep, but his supporters point out that a mutual investment trust charges a higher loading charge. In addition, there is a charge of 1/12% a month on principal—roughly 1% a year, which would correspond to the usual investment counsel fee.

Nearest approach to what Young is doing is to be found in the mutual funds of banks or the funds of Loomis, Sayles or Scudder, Stevens & Clark. In these instances, however, the investments are not arranged according to the needs of the individual. These are pools, rather than personal management.

Recently, banks have gone into investment counsel in a large way. Customers almost force them into it. A man dies, a widow comes to the bank for advice. The bank must render aid, somehow. That, incidentally, is how New York's Equitable Trust Co. secured its first investment counsel account in 1929.

This department was established under John C. Traphagen, a vice-president who conceived the idea at the old Seaboard National. The Seaboard went through a series of mergers—first with the Equitable; then the Equitable was taken over by the Chase.

At the Chase, the investment counsel department was not expanded. In 1931 Mr. Traphagen became president of the Bank of New York & Trust Co., the city's oldest and known in old-time annals as "The Bank." He brought in E. M. Lufkin and W. R. Biggs, who were with him at the Seaboard, to handle investment counsel work.

As the old Farmers' Loan & Trust Co., the City Bank Farmers Trust (subsidiary of National City Bank), was one of the first banking institutions in the field. There, the investment counsel department has operated since about 1928.

### Still Choosy

And today, most large New York City banks are in the business in some form: Bank of New York, the Guaranty Trust, the New York Trust. In some cases, supervision is confined to quarterly reviews of security holdings.

A good many banks avoid the business, do not regard it as a proper function. But if customers insist upon it, they will accede. The Chase National takes this purely negative attitude toward it.

Correspondent banks sometimes ask large city banks to supervise their bond portfolios, and New York's Manufacturers Trust specializes in this type of work, but charges no fee. Some banks hesitate to supervise another institution's bonds as well their own.

Some professional investment counselors are willing to solve this problem for the banks by handling institutional business. Young & Ottley, for instance, welcomes bank portfolios. Brundage, Story & Rose will supervise funds of casualty and fire insurance companies.

But, for the most part, the investment counsel business is still choosy. Not only do most counsel insist on funds above \$100,000, but there is a decided preference for the personal business. Young Management, however, has cracked the ice—for the little fellow.

## KEEP YOUR FINGERS on SERVICE RECORDS

### ... with Built-In Counting Devices

Protect your product's reputation with Veeder-Root Built-In Counting Devices. For then you have an accurate record of the number of operations, starts, stops, pieces or trips—of mileages, volumes, speeds or lengths—since the machine was first put in use.

To forestall unreasonable service demands, Veeder-Root Counting Devices are built into a great and ever-growing variety of products, including elevators, tractors, trucks, machine tools, typewriters, presses.

Maybe you can gain the same advantages, with the help of Veeder-Root engineers. Let's talk it over. Write today.

**VEEDER-ROOT Inc.**  
HARTFORD, CONNECTICUT, U. S. A.

## New Products

New things, new designs, new packages, new manufacturing and marketing methods.

In asking further information on new products or submitting data on newer ones, address *Business Week's* Chicago offices—520 N. Michigan Ave.

FABRICATED pipe railing with jointless steel posts is a new item in the line of the Fabricated Steel Products Co. The pipe units are assembled on wrought steel connectors, joined by concealed welds. This construction is said to result in a strong railing which has a neat appearance because no fittings are in evidence.

\* \* \*

FOOD CRAFT, just perfected by Westinghouse Electric & Manufacturing Co., presents a brand-new arrangement for food mixers. All attachments (for



mixing, grinding, chopping, beating, and juicing) attach directly to the motor unit, which is enclosed in the main stand, eliminating the separate power stand formerly used with mixers.

\* \* \*

A NEW Exide discharge indicator placed on the market by Electric Storage Battery Co. signals to operators of electrically-operated industrial trucks when the battery needs recharging by automatically lighting a bright red bullseye flash. It is small, compact, easily mounted on any truck and can be supplied for operation with 12-, 15-, 16- and 18-cell batteries.

\* \* \*

FOR heavy washing operations, Deister Concentrator Co. announces the new Conenco Giant spray nozzle. It embodies new features to prevent clogging, can be supplied with ferrous, brass, bronze or nickel nozzle head and for use on 2 in. to 3 in. pipe. It requires no threads at the joints and can be quickly detached and reassembled.

\* \* \*

THE Hi-Lo combination ladder offered by the Goshen Mfg. Co. can be used either as step ladder or straight ladder. It is fitted with a malleable geared hinge that holds the two sections together and can be locked in any position so that ladder can be extended at any desired angle or the two legs may be locked to form a double-length outdoor ladder.



*Beauty, too,  
"buys"*  
ACME SUPERSTRIP

## Whether It's Flawless Finish or Super Strength There is the Right Kind of Acme Superstrip

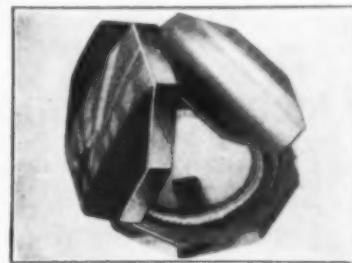
Manufacturers find a big difference between strip steel that is only "nearly right" and Acme Superstrip.

Acme studies the requirements of the particular job—then rolls the correct strip for that specific product.

Whether the need is cold rolled Superstrip for a dainty compact or hot rolled for a rugged automobile wheel rim—production is smoother, products are better. Waste and rejections are cut to the minimum when Acme Superstrip is on the job.

Acme takes pains to make life easier and more economical for the manufacturer. Even your method of handling in the plant dictates the manner in which Acme Superstrip is packed for shipment.

Send the coupon for a copy of the illustrated booklet, "Batting 'Em Out." No obligation. **ACME STEEL COMPANY**, General Offices: Chicago. **Branches and Sales Offices in Principal Cities.**



• Compact—made from either stainless Acme Superstrip or No. 3 Finish Cold Rolled for chrome plating. Part of top is enameled



• Automobile wheel rim, a difficult formation, manufactured from Hot Rolled Acme Superstrip. This part is formed cold, after welding, and is also sized cold.

## Acme Superstrip

HOT ROLLED • COLD ROLLED      GALVANIZED • STAINLESS



ACME STEEL COMPANY, 2828 Archer Avenue, Chicago  
Send me a copy of the booklet, "Batting 'Em Out."

Name \_\_\_\_\_

Firm \_\_\_\_\_

Street \_\_\_\_\_

City \_\_\_\_\_

State \_\_\_\_\_



Authenticated News

**BRITAIN'S BID**—The swift flying boat *Canopus* rises from the Medway River, at Kent, England, in a trial flight with the hopes of Britain resting on her broad wings. Furthering Britain's transoceanic experimental program, the *Canopus* is first of a fleet of 28, weighs 18 tons, is powered with four Bristol Pegasus 900 hp. engines, and is rated to maintain cruising speeds of 150 m.p.h. or more, for distances of 1,500 mi.

## Ocean Transport Ready

**Pan American sets date for Pacific passenger service. England launches a new experimental transport. Germany sends two pilot planes to America.**

TRANSOCEANIC air transport talk is running strong these days. Pan American Airways announced on Monday that Pacific passenger flights to Manila would begin on Oct. 21, the planes taking off from San Francisco on a weekly schedule thereafter.

And the previous Saturday night the Lufthansa mother ship *Schwanenland* arrived in Port Washington, Long Island, following up the two flying boats—*Zephir* and *Aeolus*, which she catapulted into the air off the Azores on Sept. 9 and 10.

Meanwhile, the Pan American Airways stands by waiting for the Imperial Airways to get ready for the Bermuda service. Pan American has had suitable equipment available for some time but Britain has not been using aircraft capable of such long sea flights. She has just launched the first of the new type "Empire Flying Boats" designed for over-water service but not considered ready for the long hop to Bermuda with a pay load.

This Bermuda service is to be on a fifty-fifty basis. The terminal port for passengers in America has not been announced. Pan American has a base at Port Washington with hangar and dock facilities for repairs, but has been surveying ports from Charleston north.

That leads back to the Germans again. Rudolph A. Jahn, American agent for Lufthansa, gave an interview to a Wash-

ington paper the other day, in which he was quoted as saying that Pan American, Lufthansa, Royal Dutch Airlines, Air France, and the British Imperial Airways "have laid down their hatchets and will not compete in the trans-Atlantic service, but form an international corporation." Pan American denies this. The word undoubtedly should have been *cooperation*, which is certainly already in effect, for the German line is right now using the Port Washington facilities.

### Exchange Idea Prevalent

This is quite to be expected, despite earlier reports of sharp rivalry on the transatlantic lanes. Lufthansa is already actively cooperating with Royal Dutch, Imperial Airways, and Air France on the other side. Between London and Berlin, German and British planes use each other's mechanics, hangars, and fields. The Germans and French have the same arrangement on the run to Rio de Janeiro and Buenos Aires.

There can be no doubt that the Germans are planning to support regular Zeppelin service with flying boats. There was a catapulting demonstration off City Island on Tuesday when the two *Dornier Do 18* flying boats took the air off the *Schwanenland*. The *Zephir* and *Aeolus* are going back to the Azores, thence to Germany. They are purely experimental planes, powered with die-

sel engines and carry a crew of four men but no passengers.

On the Pacific all appears to be ready. After their initial troubles, the Clippers were established by February on a schedule of two practice flights a month to Manila. By July they were making three trips, in August four, and this month have been arriving and departing from San Francisco every seven days. When the service starts in October the planes will leave the Alameda airport at noon and arrive in Honolulu the next morning. The following day they will continue to Midway Island, where an overnight hotel is ready on this isolated coral reef. The third day they will fly to Wake and spend another night, the fourth day to Guam and rest again. On the fifth day they will arrive in Manila, a total voyage of 8,200 miles. Three 26-ton Martin flying boats will maintain the weekly schedule.

### First Sleepers South

A little domestic coast-to-coast air transport history was made last week Friday, when American Airlines began the first regular sleeper service, over the southern route. These are air-conditioned, sound-proofed, Pullman planes with roomy berths, private "sky-rooms," seven-course dinners, and other luxuries. Eight of these new "Flagships" are now in use tied in with other American schedules so that practically all cities on the system may connect with the sleepers. They will make the east-bound flight from coast to coast in less than 16 hours.

### Shoe Threat

**European shoe industry organizes to meet new threat from Batá of Czechoslovakia**

**BERLIN** (Business Week Bureau)—At a conference recently held at Luxembourg, where the shoe manufacturers of Holland, Switzerland, France, Belgium, Austria, and Yugoslavia were represented, it was decided to form an "International Shoe Bureau" to be located permanently at Zurich, Switzerland.

Officially, the purpose of the new organization is to establish a basis for international cooperation within the shoe industry. One of the minor objects is to introduce uniform terms for the various grades of leather. Real purpose, which is only thinly disguised, is the desire to form a defensive union against the inroads of Batá, shrewd Czechoslovakian producer who dominates Europe's shoe industry except in countries from which he is banned by high duties.

The action was precipitated by the report that Batá has been contemplating a new aggressive move, the introduction

... a crew of four cars to be ready, the Clipper is on a schedule a month to four, and the flying and departing every seven days in October the Alameda airport Honolulu the next day they will land, where on this isolated bay they will fly over the rest again will arrive in 8,200 miles long boats will suffice.

migrating" repair shops. Large specially equipped for the purpose and manned with six shoemakers are to tour the different countries, especially their rural districts, and repair shoes at prices with which the regular trade will hardly be able to compete.

Germany is immune from this "invasion" because of the strict regulation of retail trade and handicrafts. Before the Nazis came into power the Swiss "Alpago" concern built up an extensive organization in Germany selling foodstuffs from trucks which called in the various streets at fixed hours. The Nazis quickly put an end to this business as "unfair competition" against the independent resident retailers.

## New Ships

Japan will build two for Olympic business; transatlantic competitors will add five.

For until 1940 will world athletes congregate in Tokyo for the next Olympic games, but the Japanese are busy with preparations.

Plans are already completed for the enlarging of the Imperial hotel in Tokyo.

Railroad runs from the Japanese capital to the principal industrial and tourist centers of Japan will be speeded.

The patent bureau has been forced to increase its staff to handle applications for use of the Olympic emblem on various kinds of goods.

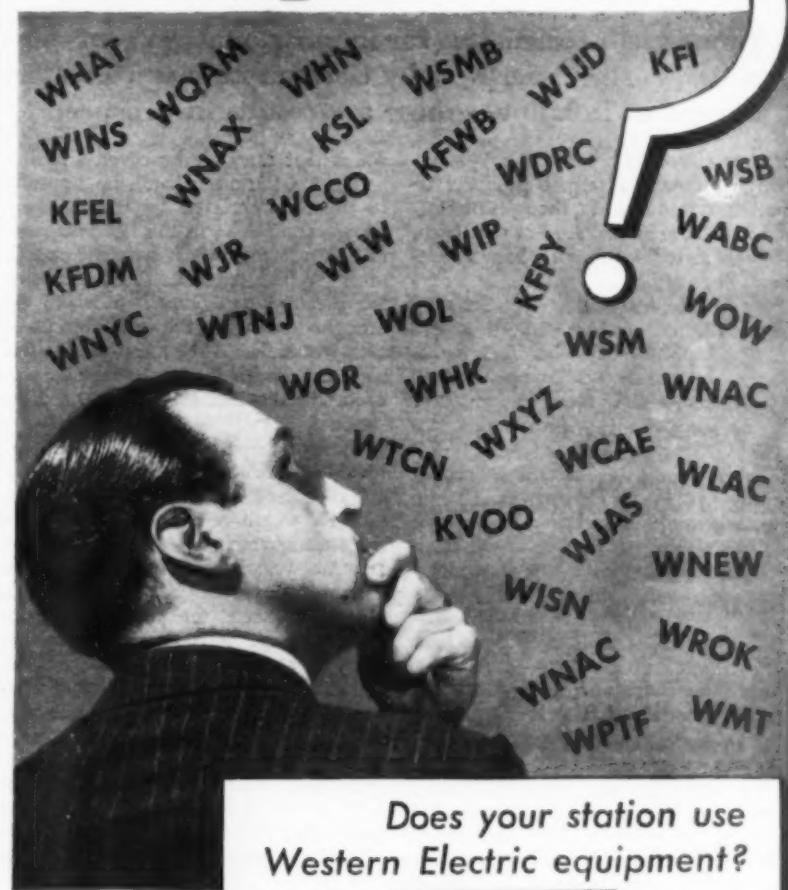
The tourist bureau is already busy training guides, teaching English to policemen and transport employees, and preparing interpreters.

One of the most ambitious plans for the games was announced only this week when Nippon Yusen Kaisha, Japan's biggest steamship line, announced that it would build before 1940, with the aid of a new government subsidy, two fast 25,000-ton liners for the Yokohama-San Francisco service. These will supplement the *Asama Maru* and the *Chichibu Maru*, N.Y.K.'s 17,000-ton, 18-knot leaders.

Transatlantic lines are going ahead with plans to extend their fleets without the prospective stimulus of more than the usual attractions in Europe, but with an eye to the New York Fair in 1939. Cunard White Star has ordered work started on the new 82,000-ton sister ship of the *Queen Mary*, which will probably be called the *King George*. The Holland-American Line is building a new flagship to be known as the *Nieuw Amsterdam*. It will be of 33,000 tons, and will enter service in the spring of 1938.

Next in size will be the 30,000-ton vessel for the United States Line. It will be a sister ship to the *Washington*

# Broadcast advertisers should ask this question?



Does your station use  
Western Electric equipment?  
211 Leading stations answer  
... yes!

When the answer is yes, the radio advertiser can be sure that his program will start off on the air with the same clarity of tone that it had in the broadcasting studio. An important part in any program's success.

The faithful sound transmission by Western Electric is largely the result of 54 years' experience in

making telephone apparatus for the Bell System.

The Company has also pioneered in manufacturing equipment for radio telephone, aviation radio, police radio, talking pictures, sound amplifying and distribution, aids for the hard of hearing. All are leaders in their respective fields.

**Western Electric**  
Leaders in Sound-Transmission Apparatus

and *Manhattan*, though it may be a bit faster and swankier to compete with the new luxury liners.

Scandinavians will build the last two vessels announced in the present round of new tonnage. The Swedish American Line, with its popular *Kungsholm*

and *Gripsholm* booked solid, will build the *Stockholm*, to enter service late in 1938. Norwegian American owners have already placed with German ship-builders an order for a 15,000-ton vessel to make the run from New York to Norway in seven days.

materials deficiencies than a return to Germany's old colonies in Africa or the Far East, especially since their return would antagonize Britain.

In his address early this year at time the Rhineland was reoccupied, Hitler indicated for the first time that he still considered a return of the colonies of real importance in meeting Germany's economic deficiencies.

#### Answering London's Criticism

The Nazi propaganda machinery has taken up this new shift in policy with some potent economic arguments, to supplement the "prestige" motive and the desire to abolish the last vestiges of the Versailles "colonial guilt" doctrine. Particular stress has been laid on refuting two counter arguments which have been repeatedly raised abroad, especially in London:

(1) Germany can buy her raw materials wherever she wants. Big producers would be only too glad to sell.

(2) The importance of her present colonial possessions to Germany has been grossly exaggerated by German propaganda. Up to 1914, they were rather a liability item for the Reich. In 1913 they supplied only 0.5% of German imports, and took 0.6% of German exports. In the years 1904 to 1913 they absorbed merely 0.13% of German emigration and 0.005% of Germany's population increase.

The German reply to the first argument is that it would only hold good if Germany possessed unlimited supplies of foreign exchange to buy these materials in "open world markets." As matters now stand, she must be able to buy the supplies she wants in her own currency. This would only be possible in territories which are under her own sovereignty.

On the other hand, it is impossible to

## What Hitler's Newest Deal Means

### Home-made substitutes for imports, more export subsidies, further sacrifices by German industry, greater danger of inflation—these are results in prospect.

**BERLIN (Business Week Bureau)**—Germany is now the largest producer of aluminum in the world, though only 1% of the bauxite is produced in the Reich. The raw material is imported from Hungary, Yugoslavia, and France.

Before and during the War, Germany derived the greater part of her lead and zinc from mines in Silesia. Three-fifths of these mines now belong to Poland. German mines meet about two-thirds of domestic zinc needs, one-third the country's lead requirements.

There is only one important copper mining district in Germany and, even with a government subsidy, it is unable to produce more than 10% of the needs of German industry.

#### Reason for Hitler's Program

This helps to explain Hitler's new 4-Year Plan for Germany—to make the Reich independent of foreign supplies of raw materials. It also is behind Berlin's fresh demands for a return of the former German colonies.

The self-sufficiency program marks a significant change in German import policy which will be applied only slowly, but it certainly does not mean any lessening of the rigid control over business and the submerging of private business ambitions to the national policy.

In the last few years, the German public has been forced to accept sporadic shortages of various food items—meat, eggs, butter—so that the government might spend its limited foreign exchange for raw materials which have gone into German arms and thus kept an increasing number of men at work.

Under the new plan, the emphasis on import curtailment will be on raw materials for which substitutes can more readily be found and the volume of which has necessarily been large. As these substitutes develop, an increasing volume of foreign exchange will be freed for the increased purchase of foodstuffs.

Hitler admits this is a reversal of his former policy. He now talks frankly of the inability of a country with a population of 136 to the square kilometer to become self-sufficient in the supply of food. There will always be a

deficit that can only be covered by imports. On the other hand, he seems to be greatly impressed by the technical successes achieved in the last two years in the production of synthetic substitutes for industry. The full pressure of the dictatorial régime is now to be brought to bear on the development of such materials. Also, these new industries will absorb those who may become unemployed when the armament drive subsides.

Business hopes that, with the end of the rearmament program and the removal of the most urgent recovery needs, industry would be freed of the endless restrictions which have bound it for the last three years, are shattered by the new announcement. No "private boom" is going to succeed the present state-subsidized boom. It is going to continue, but with a new objective which will demand further adjustments and new sacrifices by private business. Profits are obviously not going to be a major motive with the government.

At home, Germans have come to consider territorial expansion in central and southeastern Europe of far greater importance in meeting both food and raw



**THE FRONT ROW**—Germany's strong men meet at Nürnberg to open the annual Nazi party conference. From right are four of the stalwarts who lead the Reich in bold forays to establish German supremacy: Hess, Streicher, Hitler, Liebel.

than a return in Africa and since their Britain, this year it is reoccupied, first time that the colonies in meeting to discuss.

#### Germany's Criticism

Germany's machinery has been laid in policy with arguments, to show motive and to last vestiges of guilt doctrine in terms which have broad, especially

buy her raw materials. Big powers are glad to see of her present

Germany has been by Germany

1914, they were for the Reich. In

0.5% of Germany

6% of Germany

1904 to 1914

1.15% of Germany

0.05% of Germany

the first argument only hold good

limited supplies to buy these markets."

must be able to

in her own

impossible to

hold good

buy these markets."

will be able to

in her own

impossible to

hold good

buy these markets."

will be able to

in her own

impossible to

hold good

buy these markets."

will be able to

in her own

impossible to

hold good

buy these markets."

will be able to

in her own

impossible to

hold good

buy these markets."

will be able to

in her own

impossible to

hold good

buy these markets."

will be able to

in her own

impossible to

hold good

buy these markets."

will be able to

in her own

impossible to

hold good

buy these markets."

will be able to

in her own

impossible to

hold good

buy these markets."

will be able to

in her own

impossible to

hold good

buy these markets."

will be able to

in her own

impossible to

hold good

buy these markets."

will be able to

in her own

impossible to

hold good

buy these markets."

will be able to

in her own

impossible to

hold good

buy these markets."

will be able to

in her own

impossible to

hold good

buy these markets."

will be able to

in her own

impossible to

hold good

buy these markets."

will be able to

in her own

impossible to

hold good

buy these markets."

will be able to

in her own

impossible to

hold good

buy these markets."

will be able to

in her own

impossible to

hold good

buy these markets."

will be able to

in her own

impossible to

hold good

buy these markets."

will be able to

in her own

impossible to

hold good

buy these markets."

will be able to

in her own

impossible to

hold good

buy these markets."

will be able to

in her own

impossible to

hold good

buy these markets."

will be able to

in her own

impossible to

hold good

buy these markets."

will be able to

in her own

impossible to

hold good

buy these markets."

will be able to

in her own

impossible to

hold good

buy these markets."

will be able to

in her own

impossible to

hold good

buy these markets."

will be able to

in her own

impossible to

hold good

buy these markets."

will be able to

in her own

impossible to

hold good

buy these markets."

will be able to

in her own

impossible to

hold good

buy these markets."

will be able to

in her own

impossible to

hold good

buy these markets."

will be able to

in her own

impossible to

hold good

buy these markets."

will be able to

in her own

impossible to

hold good

buy these markets."

will be able to

in her own

impossible to

hold good

buy these markets."

will be able to

in her own

impossible to

hold good

buy these markets."

will be able to

in her own

impossible to

hold good

buy these markets."

will be able to

in her own

impossible to

hold good

buy these markets."

will be able to

in her own

impossible to

hold good

buy these markets."

will be able to

in her own

impossible to

hold good

buy these markets."

will be able to

in her own

impossible to

hold good

buy these markets."

will be able to

in her own

impossible to

hold good

buy these markets."

will be able to

in her own

impossible to

hold good

buy these markets."

will be able to

in her own

impossible to

hold good

buy these markets."

will be able to

in her own

impossible to

hold good

buy these markets."

will be able to

in her own

impossible to

hold good

buy these markets."

will be able to

in her own

impossible to

hold good

buy these markets."

will be able to

in her own

impossible to

hold good

buy these markets."

will be able to

in her own

impossible to

hold good

buy these markets."

will be able to

in her own

impossible to

hold good

buy these markets."

will be able to

in her own

impossible to

hold good

buy these markets."

will be able to

in her own

impossible to

hold good

buy these markets."

will be able to

in her own

impossible to

hold good

buy these markets."

will be able to

in her own

impossible to

hold good

buy these markets."

will be able to

in her own

impossible to

hold good

buy these markets."

will be able to

in her own

impossible to

hold good

buy these markets."

will be able to

in her own

impossible to

hold good

buy these markets."

will be able to

in her own

impossible to

hold good

buy these markets."

will be able to

in her own

impossible to

hold good

buy these markets."

will be able to

in her own

impossible to

hold good

buy these markets."

will be able to

in her own

impossible to

hold good

buy these markets."

will be able to

in her own

impossible to

hold good

## Alky-Gas Troubles

Germany turns to synthetic "wood" alcohol, and Kansas changes raw material.

In spite of Germany's new campaign to develop synthetic raw materials which can be produced at home, the Germans are abandoning ethyl alcohol of agricultural origin as a motor fuel. Methanol (popularly known as "wood" alcohol) is taking its place, as it is doing in the United States. But the new methanol is largely synthetic, instead of being distilled from wood. The trend in Germany is stated in a flash to Washington by U. S. Consul Redecker:

The prospects clearly are that ethyl alcohol of agricultural origin will steadily diminish in importance as motor fuel in Germany and the time may not be distant when its compulsory consumption will be abolished altogether. Alcohol motor fuel has never been popular in Germany, because of its high cost, inferior efficiency and the inherently uneconomic factors surrounding it. Its abolishment will be welcomed by the motoring public and all commercial and industrial branches concerned with automotive transportation."

American advocates of alky-gas will, to say the least, be embarrassed. Their principal argument in the past has been that Germany has had great success in its use of alcohol-blended motor fuel.

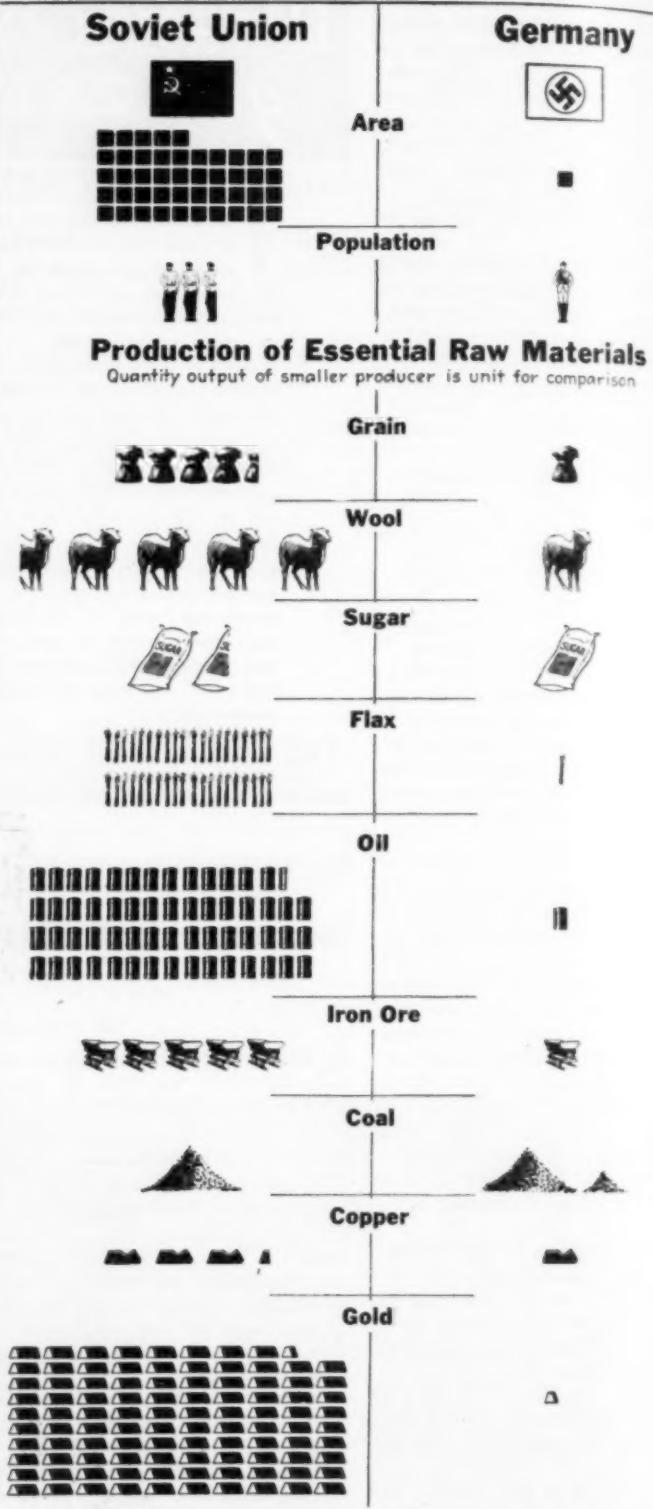
The fact that other synthetic products are driving this agricultural alcohol out of the picture is not surprising. In America there is the same trouble, and it extends to other fields.

### Drought Alters Program

High-priced corn in Kansas nearly two months ago compelled a change in the experimental plan for alcohol making which is being subsidized by the Chemical Foundation. That "chemurgic experiment" found it necessary to change raw material. Then it found no available, reasonably-priced molasses. Recently it announced that Louisiana molasses, Jerusalem artichokes, and other low-cost agricultural carbohydrate materials would all be used. Technical plant changes were needed as well as commercial negotiations for raw materials. Critics, of course, say that no conclusive results can be expected from this commercial-scale trial with all the need for changes which have been forced by the drought.

American synthetic methanol is far outdistancing the product made from wood distillation; and it is making similar inroads on the alcohol markets of America. Most significant is the use of methanol as an anti-freeze. Old-school American alcohol makers, however, are even more logically worrying about its invasion of solvents markets also.

## WHY GERMANY COVETS RUSSIA



**BATTLE OF THE "HAVE-NOTS"**—Germany, with an area smaller than Texas and including some of the least fertile land agriculturally and mineral in Europe, is struggling to support a population half that of the United States on a standard of living established when the Reich was a much larger empire and a leader in world trade. Only a few hundred miles away, the Soviet Union has what Hitler considers more than its share of land, farm and mineral riches. In the chart, the unit for comparison of all items except coal is Germany's total output. Germany mines more coal than Russia.



**SETTLEMENT AT PARIS**—Final steps in the settlement of the series of strikes at Paris, France, were conferences between government officials and labor leaders; this one of the parleys. Roger Salengro, minister of the interior, and the mayor of Paris are pictured talking with workers' representatives on their arrival in Paris.

## Business Abroad

**Moderates again dominate French government and force end of radical strikes. Soviets test speedy new plane. Mexico and Argentina threaten foreign oil interests. Japan starts building for the Olympics.**

(Wireless)—France has been saved for the time being from extreme radicalism. The government has won a complete victory over the radical strikers at Paris, indicating its intention of supporting employers against workers when their demands are extreme. Sporadic strikes continue on a small scale, but many Frenchmen feel that the turning point has been reached and that France is due now for a period of gradual social stabilization. This accounts in large part for the firmness of the Bourse this week, though it has been insufficient so far to prevent the franc from weakening further in foreign markets.

Inability of League members to come to terms shatters Franco-British hopes of saving a Locarno front, though Italy may ultimately be won over because of distrust of Germany's growing activity in Central Europe, and particularly in Hungary. The revival of French interest in this area has helped to counteract fears growing out of Hitler's rankling of the Saar and the Sudetenland threats.

Informed Europe generally expects the rebel forces to dominate Spain, with the exception of Catalonia, within a comparatively short time. Heavy fighting is likely to continue, however, even after the rebel forces take Madrid and succeed in establishing themselves as the legal government, for Catalonia will not submit readily to any fascist government. Since most United States interests are in this region, the outcome is of considerable importance to Americans.

supplies. Buying by the Continent is due to bad harvests and indicates that the possibility of a world shortage is real, but not certain.

The Spanish trouble is now having its inevitable commercial repercussions. Exchange difficulties are causing complications even where the goods are available. Fruits, including oranges, olives, lemons, pomegranates, raisins and nuts are seriously affected. A million barrels of oranges usually reach Liverpool in a year. One steamer has recently arrived with 6,500 barrels but it is not known whether any more will arrive. Seville oranges, usually shipped in November, are required for marmalade making, but merchants do not know what supplies will be forthcoming. Cork, copper and pyrites are also held up.

Announcement that the Birmingham section of the British Industries Fair is extending by 12,000 feet the space available for exhibits is indicative of the general business improvement and optimism in Britain.

## Soviet Union

**Russians send commission to study mechanized construction methods in England and United States. New commercial airplane claims speed record.**

MOSCOW (Cable)—The possibility of sizable Soviet contracts for American building engineers is anticipated in Moscow with the departure this week of a large delegation of business managers and engineers from the Moscow City Council to study municipal construction and management in America and England.

The delegation, which is headed by A. Novikov, acting chief of Moscow's municipal construction department, will make a thorough investigation of mechanized construction of dwelling houses and public dwellings. Modern finishing materials, as well as the manufacture and operation of municipally operated services, are said to be of particular interest.

The visit is significant in view of the fact that a broad campaign thoroughly to mechanize civil engineering and municipal construction has just been initiated here. Present backwardness of construction methods is one of the greatest obstacles to this country's gigantic building program, particularly to the spectacular 10-year plan for rebuilding Moscow.

## Fastest Plane

Of no less significance is the claim, touted throughout Moscow this week, that the Soviets now have the world's fastest passenger plane. The ship will be adopted on all important commercial air lines next year. It is a low-wing, bimotor monoplane; carries 10 passengers, and has a cruising speed of 220.

miles an hour and a maximum speed of 260 miles, as compared with the American Douglas with a cruising speed of 205 miles and a maximum speed of 255 miles.

On its test flight, the new ship covered the round trip from Moscow to Leningrad (800 miles) in three hours and 38 minutes flying time. Its cruising range is stated to be 1,500 miles. The 5,000-mile flight from Moscow to Vladivostok can be covered in 26 hours in one of the new planes.

### Arctic Air Freight

The claim is now made here that next year will see Soviet aviation rise to the level of its American model. This is probably an exaggeration in some respects but it is true that 1936 has been an epochal year in Russian aeronautics and tremendous development is inevitable as a result of current achievements. Air freight, particularly in the Arctic, will certainly expand rapidly and great attention has been attracted by Moscow authorities to the Soviet airmen's quiet annexation this summer of the world's altitude record for planes carrying pay loads of 1, 5, and 10 tons.

When V. M. Molokov landed in Moscow recently he brought to a close the 16,000-mile flight which began in June in mid-Siberia and which included the first complete air journey along the Arctic shore from Bering Strait to Archangel. The opening of an air freight line there is declared now to be simply a matter of organization which will probably begin next spring.

The Russians are making new progress in another line. After surveying various sites for more than a year, it has been decided to locate Russia's Hollywood in southeastern Crimea at a spot between Yalta and Sebastopol which is said to rival Los Angeles for the number of sunny days per year and for the variety of its scenery. Preparations for construction already have begun and the first production units probably will be ready for use in 1938.

Last week's rosy reports concerning the cotton harvest have been tempered by more recent reports of a shortage of labor to pick the harvest and the unwillingness of workers in the region to give up more remunerative work during the cotton picking season. Bad organization is blamed. In the meantime, a number of the country's largest textile mills are operating with a bare 5-day supply of raw material on hand.

### Germany

#### New wave of French activity in central Europe worries Berlin.

BERLIN (Cable)—This country is uneasy over Czechoslovakia's plan for closer economic ties with the Little Entente, and over the impending visit to southeastern



AMERICAN, RUSSIAN, CHINESE, DUTCH—Four nations are interested in transport of oil represented by this picture; a Federal truck built in U. S. is vehicle owned and operated by the Kwang Wha Petroleum Co., agents for the Russian oil trust. The up-to-date distribution station in the background is operated Royal Dutch-Shell. American companies are also big distributors in China.

Europe of the official French delegation. French credits and arms supplies on terms similar to those granted to Poland are expected to follow. Germany still has the benefits to industry of the trade which was drummed up by Dr. Schacht, but the political importance of his visit may be lost in this new wave of French activity among the old allies of Paris.

New trade negotiations with France are expected to revive the flow of business between the two countries.

August's large favorable trade balance (highest so far this year) is due to larger sales abroad, particularly in Argentina, China, and South Africa.

### Canada

#### Dominion expects big profits from wheat exports. Textile mills may suffer in revision of trade pact with Britain.

OTTAWA—Since start of the crop year, exports of wheat have been 77% above that for the corresponding period of last year. The Dominion Bureau of Statistics estimates there will be little left for export at the end of the crop year. It places the exportable surplus now at 242 million bushels. This month both the United Kingdom and the United States have been taking double the amount they took last September.

At \$76,000,000, federal income tax collections for the first five months of the fiscal year are \$15,000,000 over the corresponding period of last year. Other federal revenues are up in proportion.

Building permits in August fell nearly 15% below August of last year.

The Third World Power Congress representatives were told here by Transport Minister C. D. Howe that Canada was still rich in undeveloped electricity. It has developed only 8 millions of its 43 millions of potential hydro power. It stands second to the United States in developed power.

Automobile manufacturers serving the Ontario market have been by Ontario provincial authorities to eliminate "dagger" door handles for 1937 models. These handles caused 2 or 3 deaths recently, pure pedestrians. For existing model authorities have approved a rubber knob to be fitted on the handle.

Canadian textile interests, centered mainly in Quebec, are concerned about the possible trend of negotiations for revision of the 1932 Canada-United Kingdom trade pact expected to be continued by Prime Minister Mackenzie King in London following the League of Nations meeting he is now attending. The present Ottawa government is expected to consent to considerable concessions to British manufacturers. Revision of the pact and the highly monopolized and fairly well protected textile industry is considered in some quarters able to stand increased competition from England. Revision of the pact will not be completed before next year, when the term of the present pact expires and when Empire states are in London for the coronation.

Both Ontario and Quebec are seeking new ways of encouraging development of their mineral resources. Latest drive in Ontario is toward better highways in the North Country and millions will be spent on road improvements next year. In Quebec, the provincial government is doing likewise, also awarding scholarships and other inducements to young men to go in for mining careers.

### Latin America

#### Argentina will convert dollar bonds. Mexico and Argentina plan new restrictions on foreign oil interests. Roasted Brazil coffee reaches this market.

JUST when Ecuador has announced a resumption of government control of foreign exchange operations, the Argentine

ceived talk of discontinuing its exchange control operations. Ecuador offers no explanation for its, but the Argentine explains that expects to be able to convert a large of its dollar obligations soon, and the savings in interest payments its commercial obligations without aid of exchange control.

#### Argentina Will Save

First instalment of the Argentine conversion issues is expected on the market by the end of the year. The present issues, in all cases but one, bear 6% interest. Probably \$240,000,000 will ultimately be involved in the deal. The Argentine government has maintained interest payments on its entire debt throughout the depression.

Oil broke into the week's news. In Buenos Aires, representatives of American and British oil interests conferred on future operations in the Argentine following the government's new control decree. Under the decree, the government will set up a government oil monopoly by investing the State Oil Co. with full power to regulate petroleum exports, and the establishment of new oil filling stations, and the licensing of new agents.

At present the government oil company handles about 20% of the country's business. Foreign interests are convinced that a new move has been taken to force a minimum of 50% government control of the business. With the Argentine's new roadbuilding program and the return of a high degree of prosperity, automobile registrations are likely to increase rapidly. This would help to maintain the foreign oil interests' volume of business near present levels, but

prevents their sharing fully in any expansion of oil consumption.

From Porto Alegre, Brazil, it is announced that a new oil company is being financed to work the oil which has been discovered in Bahia province.

Mexico furnishes more restrictive oil legislation. "An investment of at least 25% of its profits in Mexico by mining companies operating in this country; expansion of the federal mineral reserves; preference to Mexicans in exploiting mineral lands; and substitution of a 5% royalty on gross income for present taxes are features of the new mining law" that is being drafted and is soon to be presented to congress.

Officials in Mexico City have announced that the government is planning to sponsor an international exposition to be held in the capital beginning in November 1938 and to which the whole world will be invited. Railroads, steamship lines, and aviation companies have already agreed to provide reduced round trip fares. The government will back an international publicity campaign through newspapers, magazines, radio, and lectures. Aim is to bring one million visitors to Mexico for the fair.

#### Coffee Invasion

Coffee roasted outside the United States and shipped here for retail distribution is beginning to worry the coffee market. A coffee company in Rio de Janeiro is shipping hermetically sealed, American roast and grind, Brazilian coffee to this country at the rate of 30,000 cans a month. Wholesale price is said to be 16c. The cans are labelled "Pure Santos Coffee."

Hardly had this information reached the industry when the Associated Coffee

Industries of America revealed that Guatemala was planning to distribute in this market its own brand of roasted coffee. The domestic roasters and other coffee distributing interests have protested to the Guatemalan minister in Washington that such a scheme will work against the interests of the industry as a whole, since the American public is educated to a blended coffee and not the product of any one of the big Latin American producers.

## Far East

**Japan tightens hold on China. Tokyo completes plans for giant publicity program featuring 1940 Olympics.**

THE threat from German militarism in Europe has given Japan an opportunity for fresh conquests in the Far East. In the north, officials are not swerving from their determination to bring directly under Japanese troops every strategic point between the Yellow River and the Manchukuan border.

In the south, the navy is taking a firm stand on the Chinese mainland opposite Japan's southern stronghold in Formosa and, following the recent incident near the southern border, is strengthening its foothold in South China near the border of French Indo-China and in the area where Britain has enjoyed preferences.

In the Yangtze valley in Central China, the Japanese are moving more cautiously because this is the center of British and United States trade activity. They are steadily inching in, however, and it is not likely that they will offer any concessions to the British in spite of rumors of negotiations along these lines.

It is significant that this shift of activity to South China brings Japan within 700 miles of the Philippines, to the very borders of French colonial Asia, and in the sphere of influence of enormously rich British and Dutch colonies which are protected from the Singapore naval base.

#### Fear Tax Increases

In Japan, the week has brought pressure on stock prices due to the proposals for sharp tax increases which will directly affect business. Income, corporation, inheritance, and stock exchange taxes would be increased by the Finance Minister for the sake of the increased revenue they would provide.

Tokyo's official publicity agency for the 1940 Olympic games will be the bureau of tourist industry of the Railway Ministry. Concentrating its attention mainly on the United States, the bureau already has adopted a 3-year publicity project which will be carried out on a worldwide scale beginning with the 1937-38 fiscal year. Expenditures will run to nearly \$300,000 a year for the next three years.



**FOR A BANNER YEAR**—London, and all England, is busy getting ready for the coronation ceremonies set for next May. Thousands of flags, streamers, and strips of bunting (which other European nations are also making, in warlike preparations) are needed for the celebration. War clouds kept many travelers off the continent and in England this year, and England hopes for an even greater tourist season in 1937.

## Increased Dividends

rendered advisable under present Federal tax laws, accentuate the problem of executives in balancing the demands on cash for taxes, dividends and working capital. The economical solution of this problem may lie in the sale of additional securities adapted to this purpose.

### F. EBERSTADT & CO. Incorporated

INVESTMENT BANKING

39 BROADWAY

NEW YORK CITY

34% debentures, the largest single issue of corporate financing in American history. Morgan Stanley & Co. will do distributing, but \$25,000,000 have been reserved for Bell System trust funds. Pacific Gas & Electric also registered new issue with the Securities and Exchange Commission, \$35,000,000 and refunding 3½s due in 1966. In each instance, the purpose is to refinance higher interest bonds, thereby saving charges and improving the earning power of the common stocks.

The Telephone offering will be placed on the market next month. It may well be the signal for other financing and set the stage for a business for underwriting bonds. Although floatations to date have been chiefly for refunding, a backlog of capital demand has been built up and investors readily absorb the A.T. & T. record-breaker, banking houses and industrial companies will become more aggressive.

### Tax Law Influence

Since the Securities Act of 1933 was passed, the largest issue floated to date has been the Brooklyn-Manhattan Transit refunding job, last April. It did not go so well, and bonds remained for quite some time on dealers' shelves before they were finally taken up by investors. In the same month, \$90,000,000 Youngstown Sheet & Tube 4s and 3½s were sold.

The only issue of a size comparable to the A.T. & T. offering occurred in 1925, when Dillon, Read & Co. and associates sold Dodge Bros. to the public. This embraced preference stocks and convertible debentures with common stock thrown in as a bonus. It was accomplished in two operations. The total was \$160,000,000.

The tax bill, even though business regards it as poison, prevails as a stimulating market influence. Dividends

## Money and the Markets

**Good news continues, with steel operations rising to high for year. Increase in capital demand, new issues like huge A.T.&T. offering may set stage for fall financing wave.**

WHILE Robert V. Fleming, president of the American Bankers Association, was discussing the general problem of taxation at the San Francisco convention; while the League of Nations was tackling the dilemma of the gold bloc at Geneva, and while President Roosevelt and Governor Landon were trying to decide who first hit upon the idea of farm crop insurance, American securities, commodity and metal markets this week pursued a non-partisan, unperturbed course.

With steel operation at 74.4%, the best level for the year, and with awarded construction contracts sharply higher, the stock market thrust into high ground. True, utilities were laggards, but that has become commonplace. It was hoped that the World Power Conference might bring federal and private interests to an understanding, but the Administration continues to talk about "low" rates; and when the administration says "low," it frequently means less than wholesale. All of which has scared investors away from utility shares, though this group affords a relatively higher income than the industrials.

Secondary bonds gave a good account of themselves, and convertible issues

such as Allis-Chalmers 4s of 1945, and American Type Founders 2½s to 5s, did some high flying— influenced by the strength in the stocks. In the case of Type Founders there was concrete news. Sales in the five months ended August were 35% ahead of last year. International Telephone & Telegraph Corp. debentures, which have been depressed by the Spanish news, managed to stop falling—and gained a bit. The success of the rebels in recent operations was a fortifying factor.

Recent new issues of high-grade obligations have gone over well, and American Telephone & Telegraph finally came forth with its registration papers for \$175,000,000 of 25-year

### Answered in Full

The Securities and Exchange Commission fired a question at Prof. Oliver M. W. Sprague and got back the *mot juste*.

Prof. Sprague, monetary adviser to President Roosevelt in the early days of the administration, appeared before the commission in his capacity as president of the Massachusetts Investors Trust, a mutual investment trust.

**Question:** If something was done (by the directors) that you did not approve of and you resigned, would you tell the shareholders your reason for resigning?

**Answer:** I did once resign on a notable occasion and I gave my reasons to the public.

Whereupon, the inquiry took a new tack.

Largest single  
in American  
& Co. will do  
000,000 have  
stem trust  
also register  
securities and  
\$35,000,000  
due in 1966  
purpose is to  
thereby saving  
the same  
offering will  
at next month  
for other  
stage for a  
writing has  
to date have  
a backlog of  
a backlog of  
been built up  
the A.T.  
houses and  
will become

Act of 1933  
floated to  
Brooklyn-Manhattan  
last April  
bonds remain  
dealers should  
taken up by  
month, \$90,000  
& Tube 43

size comparison  
ing occurred  
the coming November show. When the  
ow comes around, it will probably  
vertise the stocks. This little merrymaking  
ound always takes place in the fall of the  
year, when the shares have a  
personal flurry. It is one of the peculiarities  
of the American stock trader's  
temperament that he must celebrate a  
personal event—just because it is  
personal.

#### Hudson in the Whirl

General Motors and Chrysler, as  
usual, dominated this market activity,  
but Hudson joined the little game.  
Earnings of this company before taxes  
amounted to \$1.39 a share in the first  
half, versus 36¢ in the first six months  
of the year. In view of the heavy losses  
in 1929, when the Big Three —  
GM, General Motors and Chrysler —  
were lionizing sales, any earnings look  
pretty good, even before taxes.

The aircraft shares stepped out, with  
Douglas as the leader. Rail equipments,  
with carloadings moving higher and an  
equipment pinch in the offing, also were  
in demand.

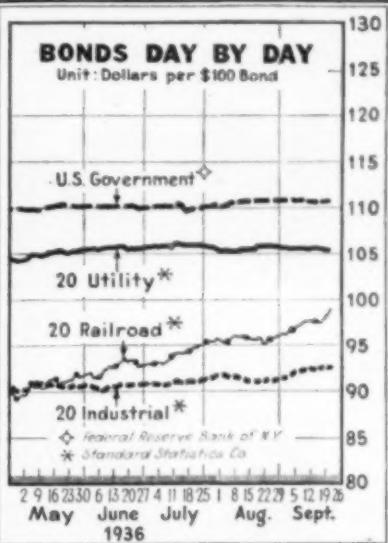
Commodity markets were generally  
up to strong. Wheat rose on heavy  
buying. The September contract crossed  
116 handily. Reputed purchases by  
China and Japan of American wheat  
were offered in explanation. Foreign  
wheat, trickling into this market at New

York and on the West Coast, sent spot  
down sharply in Chicago. The movement  
of the new crop to consuming  
centers also satisfied speculative buying  
appetites. This is a seasonal development,  
however, and is nothing to get  
very excited about, though there have  
been reports that recent rains instilled  
some life into abandoned crops. The  
fact that futures held firm would seem  
to indicate that regeneration is not likely  
to be unduly large.

Motor shares became active, did a  
little advertising on the ticker tape for  
the coming November show. When the  
show comes around, it will probably  
advertise the stocks. This little merrymaking  
round always takes place in the fall of the  
year, when the shares have a  
personal flurry. It is one of the peculiarities  
of the American stock trader's  
temperament that he must celebrate a  
personal event—just because it is  
personal.

Regardless of the nature of your  
business or how well it is financed,  
you may be able to obtain additional  
profits through LAWRENCE SYSTEM.

This remarkable method makes  
working capital available at exception-  
ally low cost. It is used in con-  
junction with your established bank  
credit. It has full banking approval  
and makes possible an  
increase in borrowing  
capacity of 200%-300%.  
Moreover, it does not



Cotton firmed up a bit after skidding  
from 12 1/4¢ to 11 3/4¢, but no real follow-  
through was evident. Sugar was de-  
cidedly weak, but explanations tended  
to be vague to the point of incoherence.  
The reason is that sugar is controlled  
by Henry A. Wallace, Secretary of  
Agriculture, who fixes quotas on im-  
ports and measures out the domestic  
crop. Therefore, to really understand  
what is going on in the sugar market, it is  
necessary to understand what is



## A Metal Fabricator

— increased his production over 200%  
— saved \$5,700 in discounts

interrupt normal business routine.

It is now employed by manufac-  
turers, producers, and jobbers of  
more than one hundred and fifty dif-  
ferent commodities.

Why not ask the nearest LAW-  
RENCE office to explain in detail how  
this system may serve your business?  
You incur no obligation, of course.

Just address Department  
D-6 of the nearest LAW-  
RENCE SYSTEM office,  
listed below.

**LAWRENCE  
SYSTEM**

CREATING COMMODITY PAPER AGAINST INVENTORY

A. T. GIBSON, President

NEW YORK: 52 Wall St. • CHICAGO: One North LaSalle St. • BUFFALO: Liberty Bank Building  
SAN FRANCISCO, CALIF: 37 Drumm Street • LOS ANGELES, CALIF: W. P. Story Building  
FRESNO, CALIF: 2030 Anna Street • DALLAS: Santa Fe Building • SPOKANE: 155 South Stevens  
HOUSTON: 601 Shell Bldg. • PORTLAND, ORE: U. S. Natl. Bank Bldg. • BOSTON: 49 Federal St.  
SEATTLE: 1014 Fourth Avenue South • HONOLULU, T. H: Dillingham Transportation Building



Corday & Gross Company Building, Cleveland

## PRINTING HOUSE CUTS HEATING COST 30 P.C.

**Webster Moderator System Called  
Excellent Investment in  
Comfort and Economy**

### IMPROVES WORKING CONDITIONS

Cleveland, O.—The cost of heating the offices and plant of the Corday & Gross Company, one of the leading printers of fine sales promotion literature in the middle west, was reduced approximately 30 per cent following completion of a Webster Heating Modernization Program in January, 1934. Steam savings have practically paid for the cost of modernization in less than three years.

Commenting on the modernized heating system, B. G. Nix, of the Corday & Gross Company, said:

"Since installation of the Webster Moderator System in January, 1934, the system has given complete satisfaction. It has effected an annual saving of approximately 30 per cent in heating cost. It has established uniform heat control with the resulting benefits of pleasant working temperatures in our large plant and offices.

"We consider our Webster System has been an excellent investment in economy, comfort and health."

The Corday & Gross Company had an accurate check on steam savings because the building is heated by metered steam from the street mains of the Cleveland Electric Illuminating Co. Although the new system was in operation for only five months of the 1933-34 season, steam savings for that period amounted to \$431.83. During 1934-35, after adjustments to assure maximum efficiency, steam savings totaled \$799.74. Even greater economy was reached during the 1935-36 season when the Webster Moderator System effected a saving of \$922.86 up to May 1, 1936.

The Corday & Gross Company Building has a total of 8,194 square feet of installed direct radiation. Installation of Webster System Equipment, including accurately sized metering orifices for balancing steam distribution and an Outdoor Thermostat for "Control-by-the-Weather," was made by the Smith & Oby Company, leading Cleveland modernization heating contractors.

If you are interested in heating new buildings, or in improved heating service and lower heating cost in your present building, address

**WARREN WEBSTER & CO., Camden, N. J.**  
Pioneers of the Vacuum System of Steam Heating  
Branches in 60 principal U. S. Cities — Estab. 1888



**SEEING'S BELIEVING**—And here you see an actual picture of an actual meeting before the New York State Transit Commission on an actual plan for unification of the subways and elevated properties in New York City. In the \$436,000,000 deal, the city would buy the properties of the Brooklyn-Manhattan Transit Corp. and the Interborough Rapid Transit Co. The brief-reader is John J. Curtin, counsel to the Transit Commission, in the background, leaning over, under "The Bronx," is Samuel Untermyer, who represents Interborough and Manhattan Railway stockholders. The delicate hand, holding cigarette, belongs to Samuel Seabury, who represents the city.

going on in Mr. Wallace's mind. Consumption and production statistics help to indicate what Mr. Wallace is likely to be thinking about sugar, but it is not the real thing.

Metals were again firm to strong. A reduction of 12,800 tons of lead on hand from July to August was a notable statistical event.

## Richfield Emergent

**End of receivership in sight;  
Sinclair, Doherty to dominate  
new company.**

AFTER five and one-half years, Richfield Oil Co. of California seems destined to emerge from receivership. Assets to a carefully worked out plan of reorganization this week amounted to more than 66% of claims.

New York, Chicago and California banks, representing a substantial portion of the unsecured creditors, as well as a majority of bondholders, have approved the proposed set-up.

The new company is expected to retain the name "Richfield" in its title, so as to capitalize on good will long built up. Dominant in the enterprise will be Cities Service Co. and Consolidated Oil Corp., each of which has a 50% interest in Rio Grande Oil Co., a major creditor. Properties of Richfield, Pan American Petroleum Co., a subsidiary, and Rio Grande Oil will go into the company.

Through Rio Grande Oil, Consolidated and Cities Service have agreed to

underwrite a \$10,000,000 issue of convertible debentures. A stock offer of \$10,000,000, comprising 1,000,000 shares, is contemplated. Of that amount \$5,500,000 has been underwritten by Kuhn, Loeb & Co., Consolidated Oil Cities Service, Petroleum Corp. of America, Atlas Corp. and Blyth & Co.

Richfield is one of the few major companies which bit the dust during the depression. It bogged down under heavy debt, incurred in too rapid expansion. Harry F. Sinclair, in May 1935, gobbled up for Consolidated the New York division of the company's business, and later with Henry Doherty, of Cities Service, managed to come into the West Coast picture (5/14/36, p25).

## Third Marketer on Coast

Standard Oil of California was in the lead in buying the properties, but the Doherty-Sinclair alliance (after the New York properties went to Sinclair) prevailed. The new and enlarged corporation should capture about 10% of California's gasoline sales and become the third largest Coast distributor.

Refining capacity will not be large, however; nor will crude supplies. Which means that the Richfield combination will be buyers of both crude and refined products—presumably from Consolidated and Cities Service, which will have directors on the proposed board.

Capitalization of the reorganized enterprise will be fairly simple, with \$10,000,000 of the 4% debentures, and a maximum of 3,560,000 common shares.

## Editorially Speaking—

take pleasure in applauding the noble expression of independence of the part of residents of Deer Isle, little island community in Penobscot in Maine which went Republican in election of its senator. Not very long ago they enthusiastically acclaimed \$300,000 grant by the federal government for bridge construction. There may be no gratitude in politics but it's encouraging to know that there is honesty.

On the speech of Sen. Alben W. Barkley as temporary chairman of the Democratic National Convention: "One of those whom we rescued from drowning now complain because in lifting them out of the waters we pulled their hair."

From Norman Thomas' book, "After the New Deal, What?"—which was published Aug. 25 but is largely a reprint of earlier articles and speeches: "Sooner had he [President Roosevelt] pulled the boys in so that they could put their feet, at least temporarily, in the sand, and cough a little water out of their lungs, than they began to pull him for pulling their hair."

Mr. Thomas' footnote to the above passage: "The Democratic keynoter, Senator Barkley, borrowed this general idea from me without credit!"

PAPERS have been furnished a better attention-getting headline than the hackneyed "Man Bites Dog." To be sure it was nothing more tangible than the application of a damp finger to a light switch which helped Sally Rand turn the tables. The headline read "Sally Rand Is Shocked."

Dr. Ross G. HARRISON of Yale has shown that he can change the shapes of salamanders by operating on them when they are in the embryonic stage. A certain tiny part of the embryo always becomes the ear; and by operating on that part under the microscope, Dr. Harrison has made the ear larger or smaller, has turned it around, and has even transplanted the right ear and the left.

Probably no parents will ever want to have a child's ears transplanted in embryo, but there might be some persuasive reason for modifying the shape, and so perhaps about the year 2,000 the salamander technique will be applied to human embryos, and Dr. Harrison will be honored as the world's first prenatal plastic surgeon.

ONE of our editors plans to change his habitat Oct. 1. His new home will have lots and lots of wall space and he is to be permitted one whole wall for a spacious cabinet he has been designing for years to house his "junk." With

much enthusiasm he called a cabinet maker who had been recommended.

"Can you be at my home at about 6 o'clock some evening?" our editor innocently asked.

"No sir, I make a 5:30 train."

"You couldn't arrange to take a later train some evening, could you?"

The thought of working overtime was not even to be considered.

The suggestion that he spend a few minutes after one o'clock on Saturday was rebuffed by the statement that he always made a 12:30 train on that day.

So "I'm afraid we can't get together," said the cabinetmaker without the slightest indication of regret.

The cabinetmaker continues to lead his routine existence while our editor sits at his desk in a petrified state of wonderment.

MOST alumni know what they think about football coaches, but all coaches know what they think about all alumni. They have a pet name for the breed. They call them hungry wolves.

The annual pre-season coaching school for high school coaches was held recently, and as usual was addressed by a faculty of well-known college coaches. And Ad Lindsay, formerly coach at Oklahoma University and now at Kansas, made a sage suggestion about the hungry wolves: "For the social security of coaches and athletic directors of the United States, I propose to institute a system under which the alumni of all colleges will be rotated."

INCIDENTALLY, one coach complained of the loss of his entire backfield. They weren't swiped by another college. They transferred to PWA.

SOYBEANS are said to be good to eat, and Sec. Wallace's experience with them is offered as proof. When he was in college he experimented for six weeks with a diet of soybeans and cornmeal, nothing else, and came out of it as good as new. Our own preference, if we had to make a choice, would be for Stefansson's diet. In the Arctic he lived for years on meat and fish, and later he did the same thing in the United States for a year in order to prove it was a good diet. And once in the French Quarter of New Orleans we met an artist's model who said she had been living for eight months on nothing but oysters.

"WE make too many sudden moves," said the president of a company at a board meeting last week. "We get bright ideas but we act on them impulsively, without clearing away the difficulties. I think we'll have to elect a Vice-President in Charge of Looking Ahead."



## STRAWS IN THE WIND

AN engineer, mapping Death Valley, finds a kind of print that resists the fading action of the fiercest sun . . . a manufacturer learns how to make substantial savings by eliminating the expense of ink tracing . . . a chief draftsman discovers a machine that cuts drafting time 25% to 40% . . . an engineering record department at last obtains a vellum tracing paper that will not discolor nor grow brittle with age . . . a purchasing agent finds a single source for every engineering need.

What do those things mean? They are straws that show which way the winds of progress are blowing . . . significant indicators of an increasing trend towards the products and processes of one company.

That Company is the Charles Bruning Company, Inc.—leader in the fields of sensitized papers, reproduction processes, drawing material and drafting room equipment. Established in 1897, Bruning has introduced and sponsored more improvements than any other company of its kind.

Today, in the complete Bruning line, there are products and processes that can make YOUR work easier and more profitable. Bruning representatives and dealers cover the country from coast to coast. You will find it worth while to consult with them.

## BRUNING SINCE 1897

A nation-wide service in sensitized paper, reproduction processes, drawing materials, drafting room equipment.

### THIS COUPON WILL BRING YOU VALUABLE INFORMATION

CHARLES BRUNING COMPANY, Inc.  
102 Route St., New York, N. Y.

I want to know more about the following Bruning products and processes. Please send me information, without obligation.

- Bruning Black and White Direct Printing Process
- Bruning Drafting Machines
- Drafting Furniture
- MatSurf Pencil Cloth
- Vellum Tracing Paper
- Bruning Drawing Papers
- Bruning Drawing Instruments

Name

Address

99

NEW YORK • CHICAGO • DETROIT • SAN FRANCISCO  
BOSTON • ST. LOUIS • PITTSBURGH • KANSAS CITY  
LOS ANGELES • NEWARK • MILWAUKEE • HOUSTON

SEPTEMBER 26, 1936

## Let's Look at Tomorrow

Both politicians and businessmen are demonstrating an amazing faculty for silly reasoning in these days of economic and political contention. Colonel Knox gives one demonstration when he says that banks and insurance companies are worse off than they were in 1933. A lot of businessmen are providing another when they conclude that the outcome of the election is unimportant because business undoubtedly will continue to expand for a year or two.

What Colonel Knox was trying to say is undoubtedly true. But he should have known that, by pure arithmetic, insurance companies are in excellent position and that our banks, bulging with reserves, are stronger statistically than they ever were before. He made the common error, however, of confusing present conditions with potential developments. The thing for businessmen and statesmen, if not politicians, to have in mind is not so much the merit of existing conditions but what current conditions and policies portend for the future.

Colonel Knox should have said that our banks and insurance companies are no sounder than the government itself. They are loaded with billions of government securities that are being used in the manufacture of credit to finance deficits. The financing of deficits through bank credit is in itself inflation and the depreciation of federal credit towards which the government is proceeding headlong must, if continued, result in the vitiation of banking assets in much the same measure that it depreciates government credit.

Furthermore, the banks hold some 17 billion dollars of government I.O.U.'s and are being forced to increase them daily. Under government auspices a huge guarantee fund has been collected to protect bank deposits. This fund is invested almost exclusively in government securities. The principal need for the guarantee fund at this time is to protect the banks against what will certainly happen to their assets when government credit is weakened and government bond prices decline. It is like feeding rat poison as an antidote to one who has swallowed rat poison.

The same loose thinking and the same confusion of current conditions with inevitabilities are evidenced by many businessmen who probably are making an honest effort to meet prob-

lems arising from the impact of politics on business. They have convinced themselves that business is relatively good and that its upward surge will continue for another year or two regardless of the outcome of election. In that they are probably right. But from that point they reach the amazing conclusion that it doesn't make much difference how the next Congress is constituted or what philosophy directs the acts of government during the next four years.

The vital question before the American public today is not the current condition of banks and insurance companies or the volume and activity of business but rather what may be the state of credit and the condition of business four years hence.

## A Real Plan For Training Leaders

One of the deplorable effects of the depression and the eleemosynary cures that have been applied to it is the dearth of job competence in this country. There is no agreement as to how many of our people are honestly and unavoidably out of work but we can agree that there is fast developing an alarming lack of competent people to do the essential work of recovery.

But the greatest and most important shortage of human skill in business is to be found in executive ranks. The panic by its ruthless adjustments did one great public service by eliminating incompetent, worn-out, and dishonest executives from industry. But it did nothing to replace them. The old theory of letting the devil take the hindmost in business leaves alarmingly few young executives ready to replace the casualties of the depression, direct the expansion of the current era and meet the added responsibilities imposed by new social concepts.

Edward R. Stettinius, Jr., chairman of the United States Steel Corporation's Finance Committee, was ac-

corded a place on the program of the Harvard Tercentenary to report on this problem. His address should be read by the executives of every corporation of America. He presents a specific plan for a scientific approach to the problem of finding embryonic executives and guiding them to leadership. That plan may not be exactly applicable to any corporation but its purpose and broad procedure is an essential need of all business.

Business might well remember the lack of leadership permitted most of the follies of pre-depression days to be committed and allowed damage and destructive movements to thrive.

## Tax Law, Like Tax Load, Needs Interpretation

Observing the growing and effective use by merchants and politicians of posters and price tags showing how much of the retail price in an article is accounted for by taxes and remarking that a political campaign is in progress, Attorney-General Cummings issued a pronouncement the other day. It warned merchants directly and politicians inferentially to beware lest they run afoul of a federal statute which may force a kindly government to impose a fine of \$1000 or incarceration for one year. He expressed the pious hope that his department would not suffer the embarrassing experience of being drawn into a partisan controversy over the matter.

The ambiguity of the law is admitted by the Attorney-General. It is in two clauses. The first makes it a crime to write or say anything intended to lead any person to believe that any part of the price of an article consists of a federal tax. The second clause makes it a crime to ascribe a particular part of such price to a federal tax "knowing that such statement is false." The second clause is clear. Whether knowledge of falsity is necessary to constitute a crime under the first clause is uncertain.

Mr. Cummings refuses to interpret the law in this respect, as does the Bureau of Internal Revenue to whom he referred the question. Both probably know or ought to know whether they will undertake prosecution in one case or the other. Maybe it is cricket to talk about such things during a campaign.

Published weekly by McGraw-Hill Publishing Company, Inc., 330 West 42nd St., New York. Tel. MEdallion 3-0700. Price 20¢. Subscription: \$5.00 a year, \$10 for three years. U. S. A., possessions, and Canada. Other foreign, \$7.50. Cable Code, McGraw-Hill.

Glenn Griswold  
Vice-President and Editor

Marketing, O. Fred Rost  
Foreign, J. F. Chapman  
Industry, Earl Whitehorne  
Management and Labor, Frank Rising

Ralph B. Smith  
Managing Editor

Economics, J. A. Livingston  
Transportation, Irvin Foss  
Burnham Finney  
Management and Labor, Frank Rising

Paul Montgomery  
Manager

News Editor, Louis H. Engle  
Finance, Clark R. Price  
Statistics, R. I. Carlson  
Washington, Paul Wooton, Carter Fall

C.T. 3  
9 3 6

**BU**

**BUSINESS  
INDICATOR**



x Load,  
on

and effective  
politicians to  
showing how  
in an article  
and remarkable  
campaign is in  
Cal Cummings  
the other day  
rectly and poli-  
cally were less than  
the statute which  
the government to  
or incarceration  
expressed the  
ment would  
g experience  
partisan con-

Law is ad-  
General. It  
first makes it  
anything in  
n to believe  
of an article  
The second  
to ascribe a  
ice to a fed-  
uch statement  
ause is clear  
lality is nec-  
one under the

to interpret  
as does the  
ue to whom  
Both prob-  
now whether  
ution in one  
ybe it isn't  
things dur-

St., New York  
or three years  
de, McGrawhill

I. Montgomery  
Manager

Louis H. Engle  
Clark R. Price  
R. I. Carlson  
Carter Field

BUSINESS WEEK